

**WHITHER EUROPE—  
UNION OR PARTNERSHIP?**

*By the same Author*

**WANDERING SCHOLAR.**

# WHITHER EUROPE— UNION OR PARTNERSHIP?

*by*  
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## INTRODUCTION

**T**HE dream of a peaceful "One World", which had inspired the United States and had led to the formation of the United Nations, was evaporating barely two years after the San Francisco meeting of 1918. It was becoming evident that Russia, and only Russia, had won the war; it had destroyed the two great military powers which had threatened her heretofore on both sides. She was making the best of her improved situation by resuming the expansionist trends of her Czarist predecessors. Throughout a great part of the nineteenth century Russia's influence on Central Europe had been paramount, and both Prussia and Austria had looked upon her as the guarantor of the existing order. The Crimean war changed the situation a little; it was Western Europe's first blow at Russian ascendancy. A few years later the rise of a united Germany shifted predominance from France in the west and Russia in the east to the German centre. When the Turkish war of 1878 made it evident that Russia was resuming her expansionist trends, the Triple Alliance of Germany, Austria and Italy (morally supported at that time by Great Britain) established a barrier which Russia was not strong enough to break, not even with French assistance. The southern end of this barrier was demolished by the disintegration of the Habsburg Empire in 1918; the northern end held, especially as the creation of an independent Poland seemed to provide a deep and broad moat in front of the German bastion.

But the second world war destroyed the barrier by emasculating Poland and dividing Germany. The walls protecting the west and the centre from an aggressive east have fallen. The southern end—the Austrian Empire—cannot be reconstituted. The northern wing, consisting of a mutilated Germany, could be reconstructed. In population and resources its potential strength is large enough to check a Russian forward move. But the Western Allies, and especially France, fear a powerful Germany almost as much as an expansionist Russia. Germany will not be allowed to recover sufficient strength to hold up

Russia—and Russia fears Germany and only Germany. Germany's task must be taken over by a number of European States uniting with her and, so to speak, swallowing her up. It must be a union in which a relatively weak France is joined by a potentially strong Germany in such a way that the latter's ascendancy is prevented in any imaginable circumstances. A most powerful weapon is to be forged which cannot backfire whatever may happen.

When the United States began to understand Russia's menacing activities, to which their own policies had greatly contributed, they reversed these policies. Having demolished the ramparts on both sides which had held Russia in check, they sought to replace them by advocating and organising a federated Western Europe whose political, military and economic strength would deter further westward aggression by the Soviets. But the process of unification was not as easy as the United States had imagined; they did not understand that a federation of full grown, powerful old nations was a very much more complicated task than the union of her own youthful Thirteen States had been.

Before the necessary permanent institutions on which unity of action depended were in proper working order, the Korean crisis erupted. It showed very clearly that the issue was no longer one between a Russian-dominated Eastern Europe and a free Western Europe, but one which might involve a "Parting of the Continents"—a renewal on a global scale of the age-old conflict between Europe and Asia. Though the Potsdam agreement had permitted Russia to push the western frontiers of her sphere of influence across the Elbe, she was shifting her weight more and more towards Asia. The insipidity of the United States' Chinese policy, that curious compound of missionary romance and anti-imperialist sentiment, threw China into Russia's arms. The reaction of the other Asian peoples against past and present domination by the white peoples, and the appalling social conditions prevailing in many of their countries, seemed to provide ideal conditions for Communist infiltration. Russia herself had been a backward country. Her very backwardness had facilitated the Communist revolution. That revolution had not been, as orthodox Marxist doctrine had taught, the inevitable outcome of a highly developed

industrial set-up; it was trying hard to treat this set-up after it had seized power. A political revolution had started an industrial revolution; it stood at its beginning, not at its end. The same method might be applied to other backward countries. Soviet Russia is trying to do it by assuming the leadership of Asian peoples against Europe and America and the other daughter states of Europe.

Yet the centre of the conflict is in Europe. It will depend on the combined efforts of Europe and the United States whether the future demarcation line will run along the Oder-Neisse, the Elbe, the Rhine, or even the Pyrenees. The widening of the field of conflict—or better said, the tardy recognition by the Western countries of its worldwide expansion—enhances the importance of the closer co-operation of Western Europe; it makes it at the same time inadequate. Even the closest union of Europe is not equal to the worldwide tasks confronting her. Her nations must be encompassed within a much wider frame. This makes it possible, if not necessary, to create a much more flexible European unit. The problems to be solved are no longer purely “European”; they require multiple partnerships rather than a single union, and joint institutions rather than an overall constitution.

The Russian peril may be temporary. Rearmament may deter the Soviets from attempting any military adventures in Europe. They may prefer to undermine the capitalist Powers by a series of recurring colonial wars, in which they would remain neutral. Or a change in the internal structure of Russia may occur which would in due course lead to a resurrection of the satellite states; they would not be in a position seriously to imperil Europe. One has no right to anticipate such events, but one must not consider them impossible. History, after all, is not made according to a rigid formula; it does not run off smoothly like a film; it just happens. The weakening of the present-day tension might easily imperil a too closely knit Europe.

It must take a long time before the several nations comprised within a European union can evolve a common European patriotism which will keep them united after external pressure has gone. For over a thousand years they have opposed universalism. Their history is a history of revolt against it. They

broke away from the all-embracing Holy Roman Empire. They rose in the Reformation against the strongest spiritual universalist system heretofore known. Nationalism, that brain-child of Europe, is but the positive assertion of her peoples' hatred of uniformity and universalism. Nationalism is more powerful today than it ever has been, for the national state has everywhere taken over basic economic functions; it has given a body to what was hitherto a mere spirit. The very pluralism which Europeans valued so highly has brought them to the brink of an abyss. But they cannot save themselves by renouncing it completely. They would impoverish themselves and the world were they to cut off the roots from which they have drawn their strength. A Europe speaking and writing a continental lingo similar to Basic English would be a Europe of plagiarists. Her peoples cannot fuse in the American way. In the United States a firmly established Anglo-Saxon culture was waiting to give the flotsam from Europe its firm imprint. In Europe each culture has been nurtured in its own soil, and it acts and reacts on its neighbours. Had Europe to secure survival by throwing overboard the cultural inheritance of her member nations, she would have to do so. The average man or woman would prefer a drab life free from fear to all the glories of a renaissance over which hover aircraft carrying atom bombs, even though they had to satisfy their cultural aspirations with Hollywood products. They need not make this choice. The nations of Europe, wedged in between the benignant universalist monism of the United States and the malignant levelling universalism of Soviet Russia, must try to avoid being engulfed by either. They can choose between a union called "The United States of Europe", which would have to be built up on the American plan, and in which every member nation would have to give up its full statehood and most of its nationhood, and "The United Nations of Europe", a union in which each nation retains to the full the individuality which distinguishes it from its partners, though pooling part of its sovereignty with them. For the time being they are adopting the latter pattern.

Yet some dangers are lurking even behind a loose association. The drive for greater union is the result of internal fears and external pressures. It did not originate in the passionate

yearnings of the peoples of Europe for a common fatherland. The leading advocates for greater union, especially in France and Germany, are not animated by mercenary motives. They know very well that there can be no peace in Europe without Franco-German reconciliation. They are responding to the call of the hour, which demands closer co-operation; they are not insensitive to the glamour of a reunited, reborn Continent. But there is a hard core of coldly reasoning national utilitarianism in their minds, without which their dreams could never materialise but which must not be overlooked. To the Germans union is to bring military security and political and economic equality. They cannot attain them without military co-operation on their part, and this co-operation will not be accepted except from a member of a union. To the French unity is a jacket which will keep Germany straight; a constitutional bond which will tie Germany as an equal partner, subject to the votes of her associates. A union conceived in this spirit is safe only as long as it is held together by fear of external aggression. It can hardly stand the strain of further developments. It does not provide for the adhesion of Eastern Germany or of Austria, which would upset a balance at present acceptable to all partners. The debates over their admission would probably shake a European union as violently as the question of the entry of new states disturbed the United States a hundred years ago.

The United States never tire of telling Europe of the glories of their great constitutional achievement. They are very reticent about its tragic failure: the war between the States. Yet it teaches a lesson about the essentials of union which is even more impressive than that to be drawn from its final success. It shows that no close union can endure when minorities distrust majorities, and feel menaced by them over what they consider vital issues. After almost seventy-five years of successful cohesion a nation whose members spoke the same language, worshipped the same God, and had a common tradition and many identical or joint institutions, broke in two over a question which nearly everywhere else was settled by negotiation and compensation. The break led to the one and only total war which had hitherto been waged. When it ended in reunion after four years of carnage and destruction it left a legacy of bitter memories which even today are still alive.

There is some danger that too tight a European union will not generate that noble supra-nationalism which its sponsors claim for it. For nationalism has by no means vanished—not even when it dons the garments of supra-nationalism. It may in time, by close co-operation, transform itself into genuine “Europeanism”. This co-operation must avoid creating minority or majority complexes among its members; it must not rouse national susceptibilities. In these circumstances it is much safer to tie nations loosely by pacts than to constrain them within the rigid framework of a constitution. The creation of a European Army whose contingents are not subject to their national governments, and are presumably free from national patriotism, may be a risky experiment. For the Europe to which this army is to owe allegiance is at present a mere blue-print. The blue-print may be turned into a constitution. But a constitution which does not encompass a living body politic will hardly inspire men to lay down their lives to defend it. In such an army there is, moreover, ample room for the growth of those disruptive forces that the scheme is meant to squash. The perils threatening from outside can only be successfully met by Europe’s co-operation with her Atlantic associates. She can face them without forcing developments which may imperil her from within after world peace has been secured.



## CHAPTER I

### WHAT IS EUROPE?

#### I

**E**UROPE is a small excrescence of bizarre shape on the rump of Asia. With her two million square miles she is about a quarter as large again as the Indian Peninsula, and about equals the latter's population of 400 million odd. The main geographical frontier separating Europe from Asia, the Urals, is a far less formidable obstacle than the Himalayas and the Hindu Kush, or even the Pyrenees and the Alps which cut off Europe's south-western and southern elongations from her main body. The slits of the Bosphorus and the Dardanelles (one to four miles) are tiny rills when compared to the English Channel. The only imposing frontier is the Caucasus, whose highest peaks rise to 18,000 feet. There is no clear-cut geographical line of demarcation between Europe and Asia, even when divergent climatic and botanical features are taken into account. For centuries conquering hosts have crossed the borders between the two regions in both directions. Europe is not so much a physical unit as the reflex of one in the minds of her inhabitants. She is the home, though not the cradle, of three large ethnic groups—Latins, Teutons and Slavs—who in her widely extended marches interbred and intermarried. No better known example of this miscegenation can be mentioned than Adolf Hitler. From an anthropological point of view he must be classified as a cross-breed between Slav and Teuton. The "greatest German who ever lived" would have been far less conspicuous among the Slovene hucksters on the Carinthian border than among the blond blue-eyed Bavarian mountaineers.

On the fringes of the three dominant groups and in inaccessible mountain fastnesses remnants of older ethnic stocks survived—Celts, Basques, Albanians, Greeks. In the Hungarian plains the Magyars held their own long after the tide of Asian conquests, the spearhead of which they had once been, had receded. In the north-eastern plains Tartar remnants mingled

with Russian Slavs, and high up in the north the Finns have proved that a people of decidedly Asian origin can equal, if not surpass, its European neighbours in what must be considered European ways. A handful of Lapps in the far north and smaller Turkish groups in the south-east complete the picture.

With few exceptions all these ethnic groups possess the same cultural background. They all share to a greater or less extent the legacy of Rome, and nearly all profess Christian religions. The western half, mainly represented by Latin and Teuton peoples, received their bequest in the Latin language from Western Rome; the eastern part obtained theirs from Byzantium in Greek. Through its proximity to Asia the latter's life was impregnated with Asian ideas and affected by Asian institutions, apart from those which Hellenism had already assimilated. The schism between the Western and Eastern Churches, partly dogmatic, partly institutional, stressed the note of divergence between the two halves. Yet both shared a culture, the main texture of which was made up of the warp of Hellas-Rome and the woof of Christianity. Europe might be defined as the home of peoples who derived their institutions from Rome and their faith from Bethlehem. From the time of Constantine Empire and Church were merged. Yet there never was a European nation, in the sense that there is an American nation in the United States. In the early Middle Ages, when the Papacy was at the height of its power, Western Europe formed indeed a cultural empire, having the same religious head, the same faith, the same language in spiritual matters; she had in many phases of life the same law and similar, if not identical, institutions. But it was an *empire*, not a *realm*, for its component parts were not mere provinces, but separate groups which were conscious of being distinct, even when they felt united in aims and attitudes.

At one time Roman institutions—and their Greek predecessors—had dominated large parts of Asia and the northern shores of Africa. The great Islamic flood had swept them aside; Christianity, though born in Asia, succumbed in its homeland and in Africa. A few warrior tribes in the mountain wilderness of Abyssinia, a few settlements in Egypt, Palestine and Asia Minor survived; elsewhere the Christian communities scattered

Over the non-European Old World have been planted by colonisation comparatively late in the day. The western half of Europe succeeded pretty early in beating back the Moslem invaders who at one time had overrun the Pyrenees. The last Moorish kingdom was incorporated in Christian Spain just before the discovery of the Americas; after a hundred and twenty years of more or less oppressive toleration the Moriscos who were not converted were driven back to Africa. Moorish strains and Moorish origins can even today be detected in Southern Spain, but the West was freed from non-European domination over four hundred and fifty years ago. The south-eastern lands, on the other hand, remained under Turkish control for three-and-a-half centuries. The peoples east of Hungary, if not east of Vienna, and south of Carinthia have not even now completely forgotten that long-drawn-out alien rule. In the north the Tartar invasions have left their impact on the Russian people and have differentiated it from its Slav brethren. For Turk and Tartar, though they lived in Europe, never became part of Europe. They spread over the people they had dominated a kind of Asiatic penumbra which has never completely lifted. In large parts of eastern and south-eastern Europe a semi-Turkish or semi-Tartar spirit has survived to the present day.

The latinised Gauls had taught the essence of European culture to their Frank invaders and had Romanised them. The Franks in their turn had imposed it on their heathen German neighbours by ruthless suppression. These converts in their turn drove east and carried the creed and the ways of the western world, as they understood them, to their Slav neighbours. They pushed them back and expelled or subdued them. The Romanism of the East Franconian Empire had been diluted by its eastward expansion; similarly the Germans in former Slav lands became somewhat Slavicised. Even where they did not interbreed with their Slav subjects and neighbours, cohabitation in manor—and to a much less degree in town—differentiated them from their western brethren. Germany east of the Elbe and the south-eastern marches was a colonial country where a race of invaders lorded it over alien populations. Even at the turn of the century, a western or southern German crossing the Elbe used to sense a subtle difference in the cultural atmos-

phere. The closer he came to the western border of Russia, the greater was the cultural change he experienced, even in towns like Königsberg where the Slav element counted for little. The fourth partition of Poland (at the Vienna Congress of 1815) ended the forward move of the North Germans, when Poland was, it seemed, definitely divided between Russia, Austria, and Prussia. Austria, however, expanded her frontiers once more by the occupation (1879), and later by the annexation (1908), of Bosnia and Herzegovina.

The peace terminating the first world war reversed the German *Drang nach dem Osten*. The Austrian Empire collapsed and its former Slav subjects regained their independence. Prussia lost her Polish provinces. In the Adriatic the largest part of the colonies which Venice had planted on the Dalmatian shore was handed over to the Southern Slavs and rapidly de-Italianised. The glories of the once proud Republic of Ragusa are today hidden under the name Dubrovnik. The peace treaties signified the triumph of Slav over Teuton and Italian; they represented at the same time a victory of Europe over Asia. The Turks were almost pushed out of Europe. Russia was shorn of her non-Russian possessions and driven back beyond a frontier to which her Polish neighbour was hardly entitled on ethnical grounds. A shelter-belt of non-Russian states, which sought their cultural ideals in the west, isolated Russia from Europe. The Bolshevik revolution, moreover, cut Russia off deliberately from all western values. A schism had broken out in the area called Europe which went far deeper than the old divergence between East and West.

## 2

Europe has never been a political unit. The Roman Empire at the height of its power extended deep into Africa and Asia; yet all northern Europe and, but for a short interval, nearly all Europe across the Rhine and the Danube, lay outside its boundaries. The Roman Empire was a Mediterranean, not a European empire. Its later successor, the Holy Roman Empire of the German Nation, was strictly European; even though it expanded steadily in the east it comprised but a fragment of the Roman Empire's European lands. The struggle with the

Papacy, the growth of independence among its members, and the rise of sovereign states around it, some of which had expanded at its expense, greatly weakened it. The Reformation cut it, and with it all Europe, nearly in two. It had become the battlefield of the two creeds. Yet it somehow survived as a kind of symbol of European unity. While its neighbours had adopted a state religion, and had made either the old or the new faith obligatory for their subjects, the Holy Roman Empire contained within its greatly weakened frame Calvinist, Lutheran and Roman Catholic member states. When it was finally dissolved, it was hardly more than a shadow, for by then it had become a loose agglomeration of over 300 sovereign states and statelets which could make war upon one another, and even on their Emperor, without being considered rebels. Yet the Empire represented somehow a concept of Christian European unity. Napoleon recognised this when he was prepared to grant precedence to its Emperor—though not to the Emperor of Austria who had renounced his time-honoured throne and exchanged his crown for that of Austria. For Napoleon dreamt of the Empire's revival. It had hitherto been the empire of the Teutonic eastern Franks; he meant to make it the empire of the Romanised western Franks. At one time his domination, direct or indirect, embraced its centre, the Rhenish Confederation, the entire Italian, and most of the Iberian, peninsulas. It stretched in the north to the shores of the Baltic. By imposing the Continental System on nearly all surviving continental states, Russia included, Napoleon created for a short time an anti-British bloc which stretched from Wellington's thin red line in the Peninsula to the eastern frontier of Europe in Russia. It collapsed as ignominiously as Hitler's apparently more solid foundation, and in both cases through Britain's resistance.

✓ In the hundred and eighteen years between Napoleon's fall and Hitler's rise several attempts were made to reunite Central Europe economically. The German Zollverein slowly broke down the economic barriers which separated the thirty-eight German states from each other. After the political revolution of 1848 had failed, Austrian statesmen tried hard to bring into the Zollverein the multinational agglomeration which formed their Empire. Had they succeeded, a Central European

economic union would have been formed, for the Habsburg domination extended at that time to Northern Italy. They failed through Prussian opposition. During the first world war the idea was revived on a much larger scale in Naumann's plan for Central Europe, the outcome of the blockade of the Central Powers. Germany and Austria were to unite; Bulgaria, Turkey, and some of the occupied countries were to join in a "defence bloc" stretching from the North Sea to the Persian Gulf. An area was to be consolidated the economic resources of which would make any future blockade abortive; its manpower would suffice for a successful defence on two fronts. Naumann planned a multinational federation, not, a Pan-German empire. Its inherent difficulties would have doomed the plan to failure even if the Central Powers had not been defeated. A little later Aristide Briand threw a scheme for a European federation at the heads of a greatly surprised League of Nations. It was a flash of inspiration rather than a plan, and petered out in a brilliant discourse.

## 3

Most European states had been formed by conquest and were multinational, or at least "multi-sectional". Over and over again ethnic groups had been incorporated against their will; when their ancient ways had not been respected, when their rulers had either oppressed them or tried to assimilate them too ruthlessly, they had rebelled. These rebellions had been spontaneous, like the rising of the Spanish people against Napoleonic domination. Feelings of "heterogeneity" had not yet hardened into a conscious "otherness", as it might be called, or into a demand for special rights arising out of it.

The French Revolution changed this. It filled the old term of "nation" with a new meaning. A nation was a social unit, a body politic of a particular colour which impregnated all its members and distinguished them from those belonging to other social bodies; it had its own particular institutions. At that time French institutions were far superior to those prevailing elsewhere on the Continent. They were man-made in the pure clear light of reason, whilst those of their neighbours were time-made, moth-eaten heirlooms of a slothful, if not malignant,

past. The French nation had a right to live its own life in accordance with the ideas round which its institutions had been built. It had, moreover, the duty to transmit them to less enlightened neighbours. It did so by force of arms. It professed a universalism as world-embracing as that of the present-day United States and as aggressive as that of the Soviets. In some respects its situation was not unlike that of present-day Bolshevism. It was surrounded by peoples who preferred their own ideas and institutions, and it was troubled by the fear that it could not survive in the midst of unconverted hostile neighbours. The French Republic, and later on Napoleon, attempted to convert these neighbours by force. This missionary character of French campaigns in Europe was over and over again obscured by systematic looting and arbitrary oppression. They aroused widespread resistance and, especially in Germany, knit together interests, institutions and ideas into a new type of nationalism, a creed of particularism which opposed universalism.

The nations of the world, it taught, were not standardised units. They were organisms distinguished from one another by a collective individuality; its visible evidence was the language in which its fundamental ideas were expressed. Each nation had a character of its own which must be respected by other nations. This insistence on diversity need not have prevented union: "In my Father's house are many mansions." But it justified opposition to a union with other nations which was imposed by force and by exploitation. It matched the American doctrine of self-determination announced in the Declaration of Independence. The latter had no national background. It merely postulated the rights of any compact group of people to secede from a body politic by whose government they felt oppressed, even if it was composed of their own kith and kin. (Under the American Constitution this right had to be denied later on to the Confederate States.)

In 1914 the six Great Powers—Austria, France, Germany, Great Britain, Italy and Russia—covered most of the space called Europe. They controlled large parts of Asia, all Australia, most of Africa, and an important part of America. Though they were divided into two antagonistic groups they had managed to keep the peace among themselves for nearly half a century.

As "The Concert of Europe" they had frequently taken joint action, especially in the Balkans, where the crumbling Turkish Empire had left a seed bed of hatreds among the peoples it had ruled or misruled. The Great Powers had a common interest to which they were subordinating their national ambitions—the preservation of peace; but they had no common European patriotism. With the spread of democracy the influence of the aristocratic cosmopolitanism, which in the eighteenth century had united societies inter-related by marriage, education and material interests, had waned. Nationalism, by becoming universal, was slowly ousting the universalism which had formerly animated the upper social strata of different countries. Occasionally the advent of a coloured intruder like Japan, or of a newcomer amongst the world powers like the United States, caused an outbreak of animosity on the part of the Continental members of the "Concert", from which Great Britain usually held aloof. But this was merely a multinational fit of temper and not a sign of spiritual oneness. Nobody took William II's call to unity against the Yellow Peril very much to heart.

Nationalism was in the ascendant everywhere. A few years later nationalism, greatly accelerated and fortified by the course of the Balkan wars and the first world war, demolished both the Turkish Empire in Europe and the Habsburg Monarchy. It compelled Germany to hand back her Polish provinces and forced Russia to renounce control over her non-Russian European subjects. It made the Southern Irish break the union with Britain, and over and over again threatened the unity of Spain in terrific civil wars. By 1920 the map of Europe had changed completely. Turkey had practically been driven out of Europe; Russia had been pushed back very nearly to the frontiers of Peter the Great, and with the advent of Bolshevism had voluntarily resigned from Europe. The Austrian Empire had disappeared. Only four Great Powers were left. The territory east of Germany and Austria and west of Russia was taken up by eight new states, only one of them medium-sized. Five Balkan states survived: three of them had their frontiers enlarged at the expense of Russia or Austria, two others retained their independence. Eastern Europe and part of Central Europe had been, as the saying went, "Balkanised", though their peoples were trying harder than ever to be





Europeanised. Only the second world war genuinely "Balkanised" Europe—by bringing the ethics of Macedonian *comitadjis* to a large part of the Continent.

From Europe nationalism had spread rapidly to the backward countries under white domination. It had lost its ideological character rather early; Friedrich List had turned it into an economic philosophy, or rather into an economic policy, by insisting that nations must develop their productive powers and industrialise themselves by means of protective tariffs. Ever since, backward peoples have seen in tariffs the instrument for making themselves independent of more advanced nations, and for enriching themselves at their expense. This economic materialist nationalism was imitative; it aimed at following the example of other nations; its egalitarian aspirations gave it a universalist undertone and brought it into logical conflict with the particularist concept of a deeper individualist and spiritual nationalism.

This materialist nationalism played its part in the economic disintegration of Europe through the erection of new tariff barriers. Yet it worked towards a greater economic uniformity, at least in the less advanced countries. Behind the shelter of a high protective tariff these countries sought to assimilate their own social structures to those of their more advanced neighbours. This move towards greater assimilation was somewhat accelerated by the reaction of Europe to overseas development. The new societies which she had founded overseas had got rid of many traditions and conventions which were shackling Europe's own growth. Their success, especially in the United States, had shocked and at the same time inspired Europe. It had forced her, at least in the field of economic technique, to adopt some of the methods of her offspring. These methods strengthened the trend towards standardisation which is inherent in large-scale mechanised production.

Europe in the inter-war years was undoubtedly becoming more nationalist and moving towards greater economic disintegration; Great Britain's repudiation of the Gold Standard in 1931, followed by her return to protection after eighty-five years of free trade, indicated this clearly. At the same time, however, Europe was adopting industrial techniques which largely ignored national boundaries. In many a country the

productive capacity of its industries exceeded its home demands, and it had to look to foreign markets and to rely on raw materials from abroad. Europe's economic equilibrium depended on intimate intercourse with daughter states and dependencies, many of which were more or less openly rebelling against her, by economic if not by political action. The overseas props on which Europe's expanded structure had rested were shaking. At the same time her home base was cut in two.

## CHAPTER II

# THE PARTING OF THE CONTINENTS

### I

**B**Y conquest and colonisation Europe had carried her culture to the other continents. In America, Australia, the northern part of Asia and the southern tip of Africa she had invaded huge, sparsely inhabited areas. She had transplanted to them her sons and daughters, who carried their home culture along with them and established genuine daughter societies. In some of their fringes, where strong native populations survived, a composite pluralist society arose and a certain amount of race admixture took place. The daughter societies became more or less faithful replicas of the mother country, even though they were separated from her by huge oceanic distances—Siberia was the one exception—and transmogrified by their non-European environment. Their social development was more rapid than that of their parent stock, the hand of tradition lay less heavily upon them; yet they retained their cultural affinities with the old countries, even after political ties had been sundered. Today Topeka, Kansas, or Toronto, Ontario, or even Cape Town breathe a far more European atmosphere than Budapest or Belgrade ever did.

The thickly populated, highly cultured areas of Asia and the northern fringes of Africa which had come under European domination could not be settled by plantations. They remained "native", but the contact with European traders, officials and missionaries attracted their higher strata to the ways of the West. Christian missions have not been over successful as far as the numbers of converts are concerned, but the ideas, if not the ideals, of western democracy and the aims of modern capitalism have been almost enthusiastically accepted nearly everywhere. Today all over Asia and North Africa the leaders of anti-European movements talk in terms of Western European political philosophies and clamour for American-European institutions.

The sixteenth, seventeenth and eighteenth centuries were the great age of colonial imperialism; during this period the Spanish, Portuguese, Dutch, British, French and Russian colonial empires were founded. About the middle of the nineteenth century overseas colonisation came to a kind of standstill. Free trade was to unite the nations of the world in a business man's commonwealth. Trade expansion was to make territorial expansion superfluous; commercialism was to supplant colonialism. The political frontiers separating countries need not be abolished; they would, so to speak, be sterilised and no longer foster and protect national jealousies. "Peace, free trade, and good will among nations" were to prevail.

The rise of two new Powers, Germany and Italy, through the national wars in the third quarter of the nineteenth century put an end to these hopes. A new scramble for colonial possessions began. This interval has often been called "The Age of Imperialism"; yet it was but the faint echo of the great age of empire building. Expansion had to concentrate on Black Africa, the not yet occupied islands of Polynesia, and the crumbling Turkish and Chinese Empires. The struggles over their partition very nearly led to armed conflicts between the European Powers. These 'empire-breaking (rather than empire-making) activities contributed to a national awakening of the hitherto subject non-European nations, who demanded liberation from their masters.

## 2

In nationalism Europe herself had provided one of the main driving forces of the de-colonisation movement which gathered its full momentum after the first world war. In Europe it was decidedly anti-egalitarian and directed against the universalist attempts of ruling nations to impose their culture on their subjects, which lie at the bottom of all policies of assimilation. Outside Europe the aloofness, if not the arrogance, of the representatives of white rule goaded the middle and upper strata of native societies into a passionate demand for equality. They wanted to be on the same level as their masters and to enjoy to the full the political and economic institutions devised by the West—after his return from South Africa Gandhi became

the one prominent exception to this craving for imitative egalitarianism. Once the white nations had accepted democracy at home this clamour for equality had to be heeded. Democracy and ascendancy are mutually exclusive creeds.

. The egalitarian nationalism of colonial dependencies found strong support in the United States. The Declaration of Independence had inaugurated the worldwide de-colonisation movement. Within not quite fifty years almost the entire American continent had got rid of its former European masters, the United States reserving to themselves the right to colonial expansion over it. This continental expansion, carried out mainly by dribblets of pioneers, not by organised military state action, seemed to Americans natural and providential; it was manifest destiny to them to annex Texas (1845) and after the Mexican War California and New Mexico (1848), in all 918,000 square miles. To acquire lands overseas by conquest and to hold them by armies of occupation seemed to them unnatural. Maritime empires were wrong; what nature or nature's God had separated, man had no right to join by force of arms. The United States condemned as a matter of principle the rule of distant governments over populations which had not explicitly consented to it; they could not help doing so, for their own right to national independence had been based on this denial. They were convinced that good government—even if this were possible—was no substitute for free government. During a large part of the nineteenth century their military and naval strength had been small when measured by that of their potential enemies. They had tried to keep out of foreign entanglements. They were isolationists in politics, but not in business and culture.

They were born traders; it was only after the development of the Middle West and the growth of large-scale industries that trading interests were pushed back to second place, even though the Middle West depended on foreign markets. Americans were, moreover, missionary propagandists. They were not satisfied with bringing the gospel to the heathen; they had a strong urge to make the blessings of their political and economic culture accessible to less favoured nations. They desired above all a Latin America structured according to the United States' political ideas; they could never quite understand why neigh-

hours on the same continent, many of whose constitutions had been patterned after their own, should be so different and should suffer from ever recurrent fluctuations between capable caudillos and chaotic democracy. They were unwilling to buy goods from Latin Americans which competed with their own products; yet they denounced the economic ties which bound them to Europe even more vehemently than their cultural affinities with her. Their own cultural relations with Western Europe, especially Great Britain, France and Germany, were much closer than those with Latin America, yet they had a feeling of hemispheric solidarity with Latin America and a sense of distrustful avulsion from Europe. All states on the American continent were democratic republics; all seemed to live in the same danger zone; none of them, and certainly not the United States, was in the same danger zone as Europe.

Unlike the Spaniards in Mexico and Peru, the United States had had no large-scale native problems to deal with. The Red Indians they had encountered had been great fighters, but they were completely overwhelmed by the white masses which were surging ahead. The colour problem in the United States was of the Americans' own making, a product of the African slave trade and the prolonged survival of slavery; they have not yet solved it. From their twofold experience—the vanishing of the Indian as an important social constituent, and the survival of the Negro as an ever and everywhere present object lesson of the delicacy of racial juxtaposition—the immigration policy of the United States had become not unlike that of Australia; it attempted to prevent the infiltration of ethnologically distinct, socially less advanced races by anti-Asiatic immigration legislation. Democracy, Americans assumed, depended on the presence of a fairly homogeneous population, homogeneity being relative. People who could be easily assimilated were homogeneous; others were not and should be kept out. The corollary of that view, when held by sincere democrats, was strong opposition to white rule over coloured peoples. If white societies desired to exclude coloured men—irrespective of their cultural achievements—coloured societies should not be subject to white rulers, however well meaning the latter's intentions might be. White men might go out and preach to the uninitiated the gospel of the temporal life of the United States as

well as that of the life to come. They had to do it as humble spiritual and temporal evangelists, not as imperial proconsuls.

The United States had a short spell of imperialism after the Spanish war of 1898, but long ago repented of it. They preferred giving independence to the Philipinos to incorporating a coloured people as 49th State in the Union. They disapproved of every sort of colonial venture. The creation of the mandate system for the German colonies after the first world war was to many Americans the first step towards taking the government of not yet fully advanced peoples away from egoistic masters and putting it into the hands of altruistic bystanders. The clauses dealing with trusteeship in the United Nations Charter seemed to offer a good chance to the benevolent outsider to intervene between the rulers and the ruled. Disinterested ignorance was preferable to self-interested experience.

American missionaries in the twenties succeeded in making their nation regard China as a striving democracy, whose heroic resistance to Japan was to show later on how deep the roots of democracy had struck in that seething mass of humanity. Americans saw in Japan's rape of Manchuria and in her infiltration into North China a continuation of militarist, feudal and capitalist imperialism, which was holding up the materialisation of America's golden dream: the rise of a powerful democratic Chinese republic which would play in Asia the part the United States were playing on the American continent. They were hardly less hostile to the European powers which had opened up China by enforcing "unequal treaties". They could not recognise that without these treaties neither American traders nor American missionaries could have gained a firm foothold in China. Having decided to get rid of the White Man's Burden in the Philippines, the United States considered it their duty to mankind to relieve their fellow white men elsewhere of the colonial packs they were carrying. They harped on the wickedness of capitalist Powers whose treaties had held up the industrial development of the Chinese millions in the interest of European exploiters (but for these treaties, which certainly were unequal, the westernisation of China could not have even begun and she would have fallen an easy prey to Japan). The United States greeted the Chinese revolution and the overthrow of the Manchu dynasty as a

triumph of American political philosophy. At the conferences after the first world war they constituted themselves the guardians of China. They became the mouthpiece of the anti-European de-colonisation movement.

### 3

The loss of the first world war and the advent of Bolshevism made Russia for the time being the leading anti-imperialist power. Lenin had defined imperialism as "the highest stage of capitalism". "Imperialism is capitalism in that stage of development in which the dominance of monopolies and finance capital has established itself."<sup>1</sup> This definition was one of the most impudent perversions of the meaning of a well known term. As Lenin rightly stated, "Imperialism has been annexationist, predatory, plunderous"; but it had been so long before people dreamed of the capitalist system, monopoly capitalism, or finance capitalism. Czarist Russia had practised it on a colossal scale, though she had been "para-capitalist", having scarcely crossed the threshold of the capitalist age. Ever since the days of Peter the Great Russia had been the foremost continental empire maker. She had taken the leading part in the partition of Poland, the breaking-up of Turkey, and the dismemberment of China. None of her forward moves was caused by the supposed expansionist needs of a capitalist society—even her modern conquests in China started at a time (1858-60) when she was pre-capitalist. Her continental empire finally covered about six and a half million square miles of contiguous colonial possessions—a little less in extent than Canada and the United States combined. Dishonest as a theory, Lenin's new interpretation was a political masterstroke. Bolshevik propaganda had not hitherto been successful in the advanced capitalist countries, where the working class was interested in the efficiency of capitalism. In the world's backward regions capitalism was an alien intruder. It destroyed the even rhythm of the life of ancient peoples; even though it offered opportunities to impoverished farmers and labourers, it did so at a heavy price. They had often been serfs of landlords; they now became slaves of a machine. The landlord, even if inhuman, was

<sup>1</sup> *Essentials of Lenin I*, p. 709.



a living person: the machine was neither human nor personal. It was easy to rouse the wrath of a traditionalist people against these alien impositions; nationalism and anti-capitalism were fused.

Monopoly capitalism, the Bolshevik doctrine runs, must always seek new markets, since its excess products cannot be consumed by the impoverished masses at home. It must conquer new countries to dispose of them, and it can do so only by wresting dependencies from other capitalist states by war, or by subjugating hitherto free peoples to its control. By winning the coloured masses over to these extremely simple doctrines, and by making them rise against their masters, the capitalist system could be unhinged at its circumference, even though it could not be shaken at the centre.

These views became very popular in the United States during the earlier years of the New Deal; they gave a darker hue to the pinkish foam which floated on the top. The United States themselves were no longer interested in territorial imperialism. They held no colonies they could exploit directly; it was easy for progressive patriots to lecture European Imperialist Powers on their iniquities. But there was another even more sinister type of capitalist exploitation, so it seemed: economic imperialism. The capitalist countries had to invest their savings abroad. They were forcing backward countries to borrow money for their needed modernisation, thus making them subservient to the greed of the business men who extracted their oil and their ore, or cut their timber and left nothing in return. Large-scale exploitation of that sort had undoubtedly taken place—even Communists do not yet know how to restore oil which has been burnt. In most cases, however, modern foreign enterprises had not only contributed to the revenue of their hosts, but had also equipped them with transportation and public utilities of all sorts. Often enough loans had been granted on usurious terms—though in most cases the inflated rate of interest barely covered the lenders' risks. In a few instances the governments of lending countries had used naval and military force to secure overdue payments. But these policies had long ago been discarded. The terms of exploitation had become inverted. The debtor states had got into the habit of repudiation, in one form or another, whenever it suited their convenience. They very successfully exploited their creditors.

Whilst public opinion in the United States continued to fulminate against the non-payment of European debts, it was very lenient to defaulting Latin American republics. They were sister republics and should be dealt with gently. The real culprits were the international bankers who sold bad bonds to the public. The most capitalist country in the modern world seemed to endorse the Communist denunciation of economic imperialism. The attack, however, backfired. When the backward countries began to clamour for foreign capital, which they needed for industrialisation, private investors were no longer willing to risk their savings. Governments and government-sponsored institutions had to come to the rescue. Economic nationalism had to beg credit from foreign governments instead of borrowing from foreign investors; it was on the whole easier to default on the former.

## 4

The anti-imperialist sentiment of the United States had been clearly expressed in Woodrow Wilson's demand for self-determination. It had greatly contributed to the breaking up of the old Austrian Empire, to the creation of splinter states, and to the so-called "Balkanisation" of Europe. The peace treaties ending the first world war had produced more new frontiers and more customs barriers than any of their predecessors.

The United States' support of small nations was an act of faith rather than of statecraft. They did not look upon them as British policy had occasionally done, as docile clients who would have to keep their markets open in return for generous political protection. The United States acted from the deep conviction that empires were morally wrong, that in a democratic age ruling alien peoples must be stopped. American anti-imperialist and anti-European bias was very conspicuous in the early phases of the second world war, which was loudly denounced as imperialist, and by no means exclusively by Communists. This attitude survived even the German invasion of Russia and the United States' entry into the war. A very large number of Americans saw in the Atlantic Charter an anti-imperialist pronunciamento. They regretted Britain's refusal to sacrifice

the preferential agreements that united the Dominions and the Mother Country without consultation with these Dominions. The Charter was in many American eyes a promise of independence to India, Burma, Malaya, Indo-China and Indonesia. One might almost have imagined that the liberation of the Asian peoples from their European masters was the main aim of the war, and that the return of Hong Kong to China seemed more important than the restoration of a free Belgium or Norway! In this respect American hopes almost coincided with Japan's design of an Asiatic Co-Prosperity Sphere from which all white rulers would be excluded. A large part of American public opinion was quite prepared to put pressure on Great Britain to hand over immediately the administration of India to an Indian government dominated by the arch-appeaser Mahatma Gandhi, who was opposed to resisting the Japanese by force of arms.

The battlefield stretched through a colonial belt from Morocco to Indonesia. All along it the average American soldier and newspaperman gloated over the demand for immediate independence raised by the semi-Europeanised intelligentsia, the only native groups whose language and mentality they were able to understand. When the war was over and temporary Japanese domination had to be liquidated, American opinion with few exceptions almost invariably blamed the French, the Dutch and the British on whom fell the task of turning chaos into order.

With the best intentions, with a good deal of well-tabulated information and with very little understanding, the U.S.A. did their best to shake the overseas foundations of Western Europe, without doing much good to their Asian wards—as quickly became apparent. Their pressure may have speeded up the independence of Burma or India at the cost of partition. It has aggravated the troubles in Indonesia. It must have delighted the Japanese, and it has played into the hands of Russia.<sup>1</sup> The United States had sacrificed to her at Yalta China's vital interests in Manchuria. Whilst they clung pathetically to the fiction that China was, actually and not merely potentially, a

<sup>1</sup> President Roosevelt told Stalin privately that in his opinion Great Britain should return Hong Kong to China. (Robert Sherwood, *The White House Papers of Harry L. Hopkins*, II., p. 854.)

great World Power, they were bringing about her partition, if not her complete disintegration as an independent Power. The United States had enabled Europe to win the war; unwittingly they did their utmost to make her lose the peace. They very nearly brought about what Japan had attempted unsuccessfully and what Soviet Russia still hopes to accomplish: the complete disintegration of Western Europe's colonial empires and the Parting of the Continents.

### CHAPTER III

## THE PARTITION OF EUROPE

### I

THE United States have paid a heavy price for making Russia join the United Nations. They seem to have imagined that by fighting in a common cause Russia had purged her soul of Bolshevik wickedness. There was, moreover, a myth of long standing that the United States and Russia were born to be friends; it had paled a little after the pogroms under the Czarist régime and during the Russo-Japanese war, when the spectacle of a smallish country standing up successfully against the Russian giant had appealed to the Bible-nurtured American mind; David was once more slaying Goliath. The rise of Communism had by no means destroyed the legend. Russia's gigantic planning experiments impressed a nation which firmly believes in social engineering. Some New Dealers had besides a sneaking affection for a type of government which permitted the building of a welfare state by far more drastic means than they would ever be allowed to use. Russia's challenge to the British Empire everywhere in Asia touched a note of sympathy in the American mind; though blood may be thicker than water, American hatred of the late King George III seemed sometimes a little stronger than fear of Joseph Stalin. Americans have a greater capacity than other nations for collecting and organising reliable and relevant information, and at the same time misunderstanding it; President Roosevelt certainly misread the Bolshevik mind.

Before Peter the Great Russia had hardly considered herself part of Europe. He had inaugurated a sort of voluntary colonisation by introducing some of the ways of the West to his country. Under Peter's successors Russia intruded deep into Europe as a result of her Baltic conquests and the partitions of Poland, especially the Fourth Partition at the Congress of Vienna. Russia was now *in* Europe but not quite *of* Europe. She represented an earlier cultural type which had sometimes

been called semi-Asian, but might be better called "para-European". Yet for a few years after the Congress of Vienna Alexander I aspired to the leadership of liberal Europe. The new philosophy and the Industrial Revolution had given birth to a new universalism; the twin forces of constitutional democracy and capitalism were beginning to transform the world. The Czar's armies had helped to liberate Europe from an alien dictatorship. He had high hopes of freeing her from the scourge of war and internal oppression. Yet his failure abroad and at home was inevitable. The very nature of Russian autocracy was hostile to the new forces. Its instinctive opposition to them needed a philosophic backing; the Slavophiles provided it; they glorified the Russians as the chosen people—as nationalists everywhere glorify their own people in moments of elation—and they ascribed to them certain mystic properties which made them immune to the lure of their Western neighbours' degenerate institutions. Russia could do without constitutions and liberalism; she did not need capitalism or socialism. But the Slavophiles failed to hold up Russian development for any length of time, though they struck a note of fundamental "otherness" which was to reverberate later on even in Bolshevik philosophy—after having found an echo in the crude pan-Germanism which Hitler had imbibed in his Austrian youth.

The roots of Bolshevism are European. Both Marx and Engels were Western European internationalists with a curious German anti-Slav undertone. In Stalin's hands Marxism became fundamentally anti-European. For the basis of European culture is the belief that the individual and his immortal soul hold the centre of the stage, and that his development and his welfare are the main objects of all statecraft. European Socialist theory had inverted this relation. It saw in the individual a mere cell which had no independent life of its own, and could flourish only as part of an organism. Yet Socialists had never tried to transform this doctrine into a social reality. They had occasionally attacked bourgeois culture on the platform, but had always been eager to secure it for their own adherents. In Germany and Austria, where Labour was probably more indoctrinated with Marxist concepts than in any other country, very great efforts were made by its organisa-

tions to bring bourgeois literature and bourgeois art to the masses. For the bourgeois' implacable enemies were not the proletarians who, like the bourgeois, were firm believers in some, if not the same, social order, but the bohemians, the uninhibited intellectuals whose cravings for self-expression discipline cramps, and whom order bores. In the early phases of a revolution they emerge from their lairs in the Quartier Latin, Schwabing, Bloomsbury or Greenwich Village; they retire to them in sullen wrath once order is established or re-established. The Western Socialists claimed to be the heirs of that humanism which was the essence of European culture and which, in their opinion, the Industrial Revolution had slain. The doctrine that the individual mattered nothing, and that his life and welfare could be sacrificed without questioning for the good of the collective body, was grudgingly accepted by them only during war; but Western Labour was pacifist in thought and temperament.

The Bolsheviks denounced these pacifist yearnings; they despised them. They had come to power by internal war at a time when the rest of the nations were ready to outlaw external war. They waged their internal war and organised their state on the assumption that the individual was of account only in as much as he served collective purposes. He was a brick and nothing more, to be thrown on the dust heap when no longer needed for building the new society. The Soviets' hatred of religion was not exclusively due to the other-worldliness of the many creeds which taught their adherents to accept injustice and exploitation in this vale of tears, since they were certain of ample recompense in Kingdom Come. They would have objected even more strongly to Communist Christianity. For they had to extirpate the human ego on which all religion is based. Its relation to a deity has always been purely personal. Even if that deity were mere fiction the craving for salvation could not be collectivised. Adolf Hitler understood this very well when he ranted against the egocentric, anti-tribal spirit of Christianity.

The Bolsheviks denounced as bourgeois everything European culture had produced—with the exception of its technique and, of course, Karl Marx who, after all, was an uprooted German bourgeois, and a very characteristic product of a German

university. They understood the yearning of the masses for colour and life; a new proletarian culture was to satisfy it. Here they could fall back on the Slavophil doctrine of the uniqueness of the Slav soul, which had not yet been corroded by Western conceptions of liberty and lucre. It made possible the efflorescence of purely proletarian folk ways distinguished from those of the rest of Europe by class and nationality. The Russian language has greatly aided this cultural isolation. The West does not understand it, and after the extirpation of the upper strata the number of people in the Soviet Empire who could be corroded by Western culture in the languages of the West was very small.

## 2

The Soviets even proclaimed a separate Soviet science. This science had to play the part taken elsewhere by the belief in a transcendental deity. Monotheist religions are of relatively recent origin. Long before their advent cultures had flourished and societies had reached standards of perfection which in many directions have never been surpassed. All these societies had some sort of supernatural religion. At odd times isolated thinkers had denied the existence of invisible Supreme Beings whose actions determined men's lives; the mass of the people had always clung to some sort of belief in the existence of gods or goddesses whose good will could be wooed and won. To the Bolsheviks all religions were superstitions, opiates to put the masses to sleep so that the classes could better exploit them. They were to be replaced by science. But science is abstract, impersonal, and imperfect. Its essence is doubt, that of religion is faith. It is difficult for the average human being to believe in something which by its very nature is doubting and doubtful. Doubt cannot fulfil the functions of faith. So the Soviets had to attribute the character of eternal incontestable truth to findings which were neither demonstrably true nor even approximately eternal. They have had to endow the laborious gleanings of a man who died over sixty years ago with the character of a God-given revelation. When they no longer interpret facts satisfactorily, facts and doctrines have to be manipulated until the proper concordance has once more been restored. For this



reason the final decision on what is and what is not truth must be taken out of the hands of undisciplined scientists searching for more light, and be left to the rulers of the State. As the enunciations of science are to take the place of faith, they must be protected from cavilling doubt. The Iron Curtain is today as indispensable an element in shielding faith as suppression of the worship of rival religions and foreign missionary activities was in the past.

To ask for its removal betrays complete misunderstanding of the psychological problems involved in Soviet rule. Novel and hitherto unaccounted-for facts must not be permitted to penetrate the consciousness of the Russian faithful; they might corrode confidence in the leaders' interpretation. The individual has no right to think for himself—he must reason on approved lines. This being the case, an inquisition and recurrent purges are necessary to a scientific faith; they prevent captious seekers after truth from undermining it. The rulers, moreover, must have absolute power. Behind a great despot of the past there usually stood divinities of some sort from whom he had descended, or by whom he was endowed with earthly power. One had to accept his deeds as emanating from them; one could, however, pray to them to make him see the light. In Soviet Russia Joseph Stalin is both God and God's representative on earth. There is no appeal to anyone above him, for there is no one. Yet even collectivised man has individual yearnings and individual troubles. He cannot take them to his God, for he has abolished Him. He may accept his fate as his ancestors did, who bowed to the inevitable which they neither understood nor tried to master, but who had some transcendental hopes. These hopes have gone; faith in abstract laws of nature cannot replace them. Man in distress wants someone to whom he can appeal to set him free, if need be, from their working, and in the Soviet world he can find it only in a Supreme Being impersonated in Joseph Stalin or his successor. To a State which has discarded everything supernatural contained in religion an absolutely unfettered ruler is essential. He must be deified and take the place of the God he has abolished. Soviet totalitarianism is not an accidental product of a revolution, tied up with the advent of a successful "tyrant" who by his very nature cannot last. It is the logical outcome of a view of life. It is irreconcilable with

the humanism which forms the core of Western culture.

"National differences," the Communist Manifesto announced over a hundred years ago, "and antagonism between peoples are daily vanishing more and more, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions corresponding to it. The supremacy of the proletariat will cause them to vanish still faster." Things have moved in the opposite direction. In a collectivist economy all essential economic functions are governmentalised and automatically impregnated with the flavour of national sovereignty. Though the Soviet State claims to be a multinational federation, it is rapidly becoming a national Superstate. Its planning is highly centralised and the spirit it exhales is "All Russian", if not "Great Russian". Member states have to assimilate themselves more and more to the predominant partner. They have to adopt its economic structure, and when this has been done everything else is, according to Marxism, of secondary importance. For language, literature, art, costume and other folk usages which indicate separate nationhood are but superficial frills on a solid economic body. They can be tolerated with disdainful indifference.

Beyond its frontiers the Soviet Superstate is building a new empire. It has denounced imperialism as the last stage of monopoly capitalism. It is now pursuing an imperialist policy for the same economic reasons as animated capitalist colonial expansion. What capitalist countries really sought in colonial possessions were not markets—though they talked a lot about them—but commodities they could not raise at home; they did not build railways because they had to get rid of surplus rails or redundant engines, but because they needed transport for working mines and plantations.

Russia is extending her rule, if not yet her frontiers, far to the west. She first established a security belt of friendly Powers. She next made them assimilate their economic systems to her own. She is now treating them as subservient dependencies which by and by may develop into Soviet economic provinces. They have to use their economic resources for strengthening the industrial war potential of the Soviet metropolis. The removal of capital equipment from Eastern Germany by simple loot,

or by way of reparations, differs in quantity and degree only from operations in satellite countries. What may be justified as "retaliation" in Germany is claimed from the satellites on account of "liberation". Capitalist countries have hitherto employed their industrial equipment for developing their backward dependencies. Soviet Russia is using the industrial equipment of her dependencies for accelerating the industrial revolution through which she is turning her rich, not yet fully developed, natural resources into the most efficient war potential in the world. Her actual technique does not differ very much from that applied by the forerunners of capitalist colonial exploitation. Working conditions in the uranium mines in Saxony and Bohemia do not seem to be much superior to those prevailing in Mexico and Peru under Spanish domination. Tito's resistance to Russian interference is not due to his apostasy from the Communist faith. It is a revolt of national Communism against exploitation by Russia's imperialist Communism.

By now all Slav peoples with the exception of the Yugoslavs are under Russian sway; in the not too distant future they may become Soviet provinces and be called Soviet Socialist Republics. Non-Slav nations—Albania, Hungary and Rumania—may retain their language, costumes and folklore, furbelows of nationality which do not much matter in a social system which denies a spiritual nationhood and even physical heredity. Once they conform to the orthodox Soviet social structure, the culture of all satellite countries is in essence that of their Russian masters, though here and there it may still glow with a faint glimmer of Western light. (The dependent European Soviet empire covers 341,000 square miles, with about seventy million inhabitants. As long as Russia can keep her hands on them they are no longer part of Europe. The only question is whether the frontier of Europe is to run along the Oder-Neisse line or through the heart of Germany where the Russian zone of occupation ends, or whether it will be pushed back to the Rhine. In any case Europe today is Western Europe and Scandinavia.

## 3

Both Fascism and Nazism were pupils of Bolshevism. The former adopted its methods but refused to accept its philosophy.<sup>1</sup> Until Italy came under the sway of the Nazis she prided herself on her legacy from Greece and Rome (it is quite permissible to regard Plato rather than Hobbes or Hegel as the originator of the theory of the modern coercive State). Italy never broke with Christianity in its most traditional form. She despised both Nazis and Bolsheviks as barbarians. She considered herself the representative of everything that was best in Europe, stressing, it is true, some of the more primitive strains in the European make-up. She harked back to the great days of the Renaissance, but to Macchiavelli and Cesare Borgia rather than to Michelangelo, Raphael and Leonardo.

Nazism on the other hand was crudely "primitive". It was Bolshevism's bastard brother. It borrowed Bolshevik methods and greatly improved them; it took over Soviet amoralism and vastly exceeded it. Nazism had to make some verbal concessions to the advanced educational standards of the German people, and had to talk the language of science. Yet it was really worse than Bolshevism. The Bolsheviks believed fanatically in what they thought was science; the Nazis despised science and attacked the main instrument for pursuing it—human reason. They battled furiously against the "sterile intellectualism" which, according to their sages, had sapped the strength of the German people. They believed in emotional intuition granted to those of the true "blood". The materialism of the Bolsheviks was scientific, sometimes painfully so; that of the Nazis was infantile. The former believed fanatically in the force of environment and the ability of man to make supermen by establishing the proper environment; the latter put their faith in heredity and attempted to reach the same ends by breeding from pure stock. Both views were closely related. Adaptability to environment may be an inherited quality which does not become apparent before the environment has changed, or heredity may be effective only where environment favours the development of transmitted qualities. Both Nazism and Bol-

<sup>1</sup> Both, of course, can be labelled "Fascist" if Fascism is defined as a political régime which pursues non-Communist ends by Communist means.

shevism had the same contempt for the individual, and denounced as anti-social sentimentality his claims to life, liberty and the pursuit of happiness.

For twelve years the German people accepted Nazism. During the early part of that period the Nazis were consolidating their rule. Within Germany they were destroying the European values which had survived their advent to power: they were slaying humanism in Germany. But for opportunist reasons they sought to maintain contacts with the Western Powers. The goal of their territorial expansion lay across their eastern boundaries. They had to protect their western flanks to ensure the success of their eastern adventures. They saw in their Slav neighbours an inferior race, and in Bolshevism a representative of Asian barbarism. They posed as the heirs of the Teutonic Knights who had converted the pagans by the sword and had built a mighty empire. So they strutted along as the representatives of "Europæanism", identifying it with Nazism, and insisting on their mission to carry it eastward. But in their own country they waged a ruthless war against those remnants of German culture which they had been unable to eradicate. Their clandestine war on Europe ended with the rape of Austria and the dismemberment of Czechoslovakia.

In the summer of 1918 the Nazis came into the open; they made Soviet Russia join in an attack on Europe's feeblest outpost, Poland. Hand in hand with her they wiped out that unfortunate state, whose leaders had imagined that they could protect Europe from Asia, and challenge at the same time their nearest, far more powerful, European neighbours. The Nazis' war against Europe reached its culmination on 27th September, 1918, when they concluded a ten years' military alliance with Japan. The collapse of France and the domination imposed upon her brought German control to the foot of the Pyrenees. The heart of the Continent, with the exception of Switzerland and, on its fringes, Sweden, Spain and Portugal, ceased to be European. The invasion of the Balkans put the entire peninsula under the Nazis, a small strip of Turkey excepted. The early defeats of Russia, after the unholy alliance had been broken, carried the German armies to the gates of Asia. In the summer of 1918, when Germany had overrun a large part of Russia, Nazism dominated almost the entire continent from the

Pyrenees to the Caucasus. Through its French stooges and its Italian satellite it controlled part of the shores of North Africa and of Western Asia. Adolf Hitler lorded it over a territory which compared in size with the Roman Empire in the days of its greatest extension. In continental Europe only Portugal, Spain, Switzerland and Sweden remained free. And Spain would have been ready to fall in with Hitler had she been convinced of his final victory. At a time when Germany was no longer of Europe, she ruled most of Europe.

## 4

Before the advent of Nazism Germany had been an integral part of European culture. One cannot write the history of the European mind and omit Luther or Leibnitz, Herder and Goethe, Kant and Hegel, or even Nietzsche, to mention only a few of the greatest names. Some of their thoughts no doubt have borne bitter fruit. But Calvin, Hobbes and Darwin—not to mention Carlyle—might equally be held responsible for having facilitated the rise of modern biological totalitarianism. The thoughts of great thinkers rarely affect the masses directly. The latter usually swallow them in sugar-coated pills compounded by self-taught pharmacists, who give the master's abstract reasonings the turn they need for their own very concrete propaganda. The Nazis had renounced Germany's proud spiritual inheritance. Millions had followed their call. Large numbers have been so badly infected by the toxin that they must be considered incurable. But millions can be saved. One cannot despair of a people with a past like that of the Germans; if one did, the German problem would be insoluble. For one can neither kill sixty million people nor sterilise them in a gigantic attempt at genocide. Nor can one watch over them with armed police for all time to come. There was a crude scheme in 1944 to forge a ring round Germany. Within it her people, having been deprived of their industrial potential, would have been allowed to lead a kind of bucolic existence under the watchful eyes of their united neighbours. President Roosevelt saw no reason why Germany could not "live happily and peacefully on soup from soup kitchens". Being unable to do harm, it would not much matter whether or not she re-

formed. Some of these primitive ideas survived in the policies actually pursued, though the latter definitely assumed that Germany had to be redeemed by an appropriate mixture of punishment and education. On this both Calvinist American and Communist Russian schoolmasters were agreed in principle, though they differed fundamentally on the type of regeneration that the errant people was to undergo.

## 5

After Versailles Poland constituted herself the bulwark of Western culture. Her passionate nationalism refused to have anything in common with her great Slav neighbour. Though her under-developed social structure might have favoured the spread of Communism, her hatred of Russia and her fervent Roman Catholicism made her look upon Bolshevik Russia as a brutal, backward Asian upstart. She profited by Russia's temporary weakness and pushed her frontiers far beyond the predominantly Polish regions demarcated by the Curzon Line. For a short period the eastern frontier of Poland became the boundary of Europe.

The second world war has restored Poland's independence but has driven her back to the Curzon Line. It has, moreover, turned her, for the time being at least, into a Russian satellite. As compensation for what she lost to Russia (75,000 square miles) she was awarded "provisionally" (1945) about 40,000 square miles of (with slight exceptions) purely German lands. This was not an indemnity for the grievous wrongs the Nazis had inflicted upon her, but a "sweetener" for the loss of territory to which she had no valid claims. It was done in flat contradiction of the Atlantic Charter (1941), whose signatories had expressed their desire "to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned". It was a relapse into the methods of the eighteenth-century statecraft that had engineered the partitions of Poland. Poland's western frontiers are "provisional", but this qualification merely betrays the uneasiness of Western statesmen, who can hardly have believed that the eight million people who have so far fled from these regions to the rump of the Reich would be allowed to return and resume their property. Another

six and a half millions of Germans were to be transferred "in an orderly and humane manner" from Old Poland, Czechoslovakia and Hungary, where their ancestors had been settled for many centuries. This mass migration has so far injected about fourteen additional millions into the rump of Germany.

These transplantations almost completely wiped out the stable European society which German colonisation had built in the vast lands beyond the Oder-Neisse line—the work of the Flemings, the Hanseatic towns, and the Teutonic Knights. Not only was the borderline between German and Slav pushed back to where it had run almost eight hundred years earlier, but with it the frontier of Russian influence, if not of Russia, was advanced to a line running from Stettin or Lübeck to Trieste. Russia was surrounding herself on her western border with "friendly states"—Poland, Czechoslovakia, Jugoslavia, and behind them Hungary, Bulgaria and Rumania, to say nothing of Albania. She was turning them into the outward defences of Bolshevism by Sovietising them rapidly and by making them break, whether they liked it or not, with the Western Powers. It became quite clear after the Paris Conference on the Marshall Plan that Russia had helped to "save Europe from Nazism" almost against her will. She had split what had been Europe. Once the western borders of the Soviet bloc ran along the Oder-Neisse line the watershed between Europe and Asia would be determined by what happened in Germany.

## 6

The remnant of Germany (140,000 square miles) has been cut in two. President Roosevelt over and over again dallied with schemes for partitioning Germany, for whenever Germany has been divided in the past she has been unable to play a part in European affairs. Great Britain objected. At Yalta (11th February, 1945) she opposed an American plan for partition; but her opposition could not prevent its actually taking place, for the President's insistence on unconditional surrender had made that inevitable. It had precluded the formation of an anti-Hitler government, for such a government could not have offered better terms to its people than the arch-criminals them-



selves could have secured. In the absence of a German authority the Allies had to take over the government of Germany. They had to cut her up, for a condominium with Russia was out of the question; though a Supreme Council was established, Germany was divided into four separate administrative zones, each one run by an Allied commander. Great Britain had insisted, however, that the economic unity of the country must be preserved; identical economic policies were to be pursued in each zone, and there was to be a free flow of goods between them. Notwithstanding this stipulation and the formation of the Supreme Control Council, consisting of the commanders of the zones who were to be the *pro tempore* rulers of Germany and whose decisions had to be unanimous, Germany was *de facto* partitioned; each Power handled its zone as a sort of closed bailiwick. Yet these infringements of economic unity might have been purely temporary and could have been overcome; the unification of the three Western zones is proving it. But the reparations terms accepted at Potsdam actually established two Germanies; one in the Russian zone comprised 66,000 square miles with seventeen million people; the other three embracing the three Western zones contained 219,000 square miles and originally forty-four million inhabitants. Berlin, with over three million inhabitants, formed a condominium.

Under the scheme Russia's and Poland's claims for reparations were "to be met by removals from the Soviet zone", a very vague statement which enabled Russia to treat her zone as an economic province from which she could remove everything that could be packed up. She did not limit herself to capital goods. In flat contradiction of the Potsdam agreement, she claimed a heavy percentage of the zone's current production by way of reparations. She refused to let its output flow freely into Western Germany, though the Potsdam Conference had clearly stipulated the maintenance of Germany's economic unity, and she made impossible the reconstruction of those central administrative services for the four zones and Berlin which had been agreed upon at Potsdam. Russia set to work to lay the foundations of a German Soviet society which, after reunion, would spread into Western Germany. When the Western Powers had taken up the challenge and established the German Bundes Republik, the Soviets retorted by the

founding of an East German Democratic People's Republic, the Communist skeleton of which is being rapidly covered with genuine Communist substance. The western border of the Russian zone was becoming a Mason and Dixon line which separated two conflicting social systems and confined each of them within its own boundaries. They meet uneasily in Berlin. Seven years after Potsdam, the two Germanies which grew out of that agreement differ from each other more fundamentally than the several German states ever did. The frontier of the Soviet empire no longer runs along the Oder-Neisse line and the Czech border; it follows and even crosses the Elbe. It has not only taken in all Slav peoples, with the exception of Jugoslavia but including the non-Slav states embedded between them; it is trying to keep Eastern Germany away from Europe.

## CHAPTER IV

### ATLANTIC REUNION

#### I

FROM the downfall of President Wilson in 1920 to the Neutrality Act of 4th November 1939, the United States were deliberately dissociating themselves from European politics. Their disillusion over the Versailles Peace Treaty had made them look with disgust on the political machinations of the Old Continent; yet they endeavoured to keep up economic relations with it. They insisted first and foremost on the repayment of the debts of their former allies, and thus made the reparations question insoluble; for Germany's payments would have had to cover the United States' demands and leave enough over for those entitled to compensation. In order to facilitate the discharge of these political obligations the United States poured loans into Germany, which enabled her to pay her creditors for a short time with the products of her over-rationalised industry—as long as these were accepted abroad. The United States had not yet recognised that they had become a creditor nation, and could in the long run recover their advances only by an excess of imports over exports. They raised their tariff (1930) and opened up the era of the new protection. When the crisis expanded from a Wall Street crash to the Great Depression, all European countries with the exception of Finland defaulted on government debts. Public opinion in the United States became convinced that Europe was as tricky in financial and economic as in political affairs. It was a good thing that the Atlantic Ocean separated America from such a centre of decay and degeneration.

The crisis destroyed the Gold Standard, and with it the hitherto prevailing precarious economic unity of the world. The place of tariffs was taken by quotas, licences, devaluations, exchange controls and barter agreements. They made it possible to separate the national from the international price level, and to lower or raise the former whenever it seemed

opportune in order to snatch a temporary national advantage over a less nimble rival. For the first time in history thoroughly efficient instruments for a central direction of national economies had become available. Nations used them frantically. They sought self-sufficiency, the stronger ones like Great Britain by trying an inconclusive merger within her Empire, others like Germany by coercing weaker nations into one-sided barter transactions which in the long run became forced loans. The attempt to end this war of all against all at the London Economic Conference (spring, 1933) failed, not least because provincially-minded economic dilettantes had made President Roosevelt discard the policy of his own State Department. For a short time it looked as if the United States, under the plaudits of emotional New Dealers, meant to break away for good from Europe and the non-American countries. Yet after the experimentalists had gone far towards engineering the disintegration of world economy, and had carried a number of badly overdue reforms at home, American common sense reasserted itself.

America took over the leadership in world economic affairs which Great Britain almost inadvertently had dropped. She returned to a flexible, modernised Gold Standard and reversed her tariff policy in order to arrest the splintering of world economy and its falling apart in separate groups trading with one another through bilateral trade agreements and quantitative barter exchanges. The United States Trade Agreement Act offered a 50 per cent reduction of tariffs to governments granting reciprocal concessions, these reductions to be enjoyed by all countries adopting an unconditional most-favoured-nation treatment clause. By entrusting the administration of the Act to the President interference by the Congress, which had always led to higher tariffs, was avoided.

This change in commercial policy was of fundamental importance. The country recognised at last that it had become a creditor and had to choose between accepting payment on its loans in goods, or letting its debtors default on them. It was not moving towards a genuine free trade policy, under which foreign goods enjoy equality of treatment with home-made goods. It continued to favour insiders and to discriminate against outsiders, but it stipulated equality of treatment for *all*

outsiders. It hoped to free trade all round by lowering its own barriers and, by negotiation, the barriers of other countries. It took its stand on the principle of equal opportunities for all outside competitors, and later demanded in the Atlantic Charter "access on equal terms to the trade and raw materials of the world" for all states. It called for the abolition of preferential agreements between independent states—such agreements being undoubtedly in conflict with the most-favoured-nation clause as it had hitherto been understood. This insistence became a bone of contention between the United States and the British Commonwealth of Free Nations.

But the greatest advance in the conception of international economics was shown in the Lend-Lease policy during the second world war. The Americans had handled the inter-Allied debts after the first world war on purely business lines, assuming that they differed only in size from ordinary private transactions. This want of imagination had largely contributed to the great economic crisis. This time they treated the equipment, the services and the materials which they had lent to their allies as contributions to a common cause; although their return in kind could be asked for, almost the entire debt, amounting to fifty milliard dollars, was cancelled. The loans had become grants-in-aid. The United States had found out that claiming payment of political debts from an ally does not make for gratitude and co-operation.

The Americans were learning, moreover, that the world did not consist of separate watertight danger zones which could be hermetically sealed off from one another. Bombers were blasting their dreams of an American continent floating in serene security on two oceans, while civilisation in other countries cracked and crumbled under the assault from the air. The American people had been told that armament manufacturers, the "merchants of death", had driven their country into the first world war. Many New Dealers were, moreover, very receptive to the Soviet doctrine that wars are caused by monopoly capitalism, which must conquer new markets in order to dispose of the excess production which it cannot sell at home to the proletarianised masses. The United States had to keep out of imperialist wars. For some time they still nourished the fiction that their continent could be made safe

by isolating it from the non-American world. All that was needed was a "good neighbour" policy towards Latin America. It had been inaugurated, and had supplanted the earlier aggressively protective attitude of the stronger northern brother to the weaker Latin sisters, and it had made possible a hemispheric defence pact. But the independent actions of Argentina had shown clearly enough that complete hemispheric isolation could not be achieved. Where risks were concerned, the world was one.

## 2

Henceforward public opinion proceeded very rapidly. A framework was to be built which would give substance to the newly won concept of "One World" and guarantee its permanent security. The United Nations Charter disappointed important sections of the American public who had done for good and all with all stages of isolation. They wanted a genuine World State fashioned more or less after the Constitution of the United States. They called and worked for the complete extinction of national sovereignty, which they held responsible for all wars. From a purely logical point of view they were right. If war by definition is a conflict between sovereign states to be decided by military, naval and aerial weapons, the disappearance of sovereignty puts an end to war—but not to warfare, as the American Civil War (otherwise called the War between the States), the recent Spanish civil war, the war in China, and last, but not least, the war in Korea have shown. These American groups objected with justice to the veto and to the triple representation of Russia. But U.N. in its final form had to be acceptable to the isolationists. They wanted an institution reducing the risks of isolation, which in an age of atomic bombs mere distance could no longer accomplish. They saw in the United Nations a kind of streamlined international fire insurance company, whose efficient fire prevention service would lessen the risks of conflagration. It would, moreover, greatly reduce the expense of a national fire brigade, since the cost of fire extinction would be borne by all members. The veto, besides, ensured that the United States could not be dragged without their consent into any rash military adventures.

A number of international agencies were connected with the United Nations, chief among them being the organisation concerned with the Bretton Woods monetary and financial agreements. These were conceived as a charter of economic peace. Their main aim was the elimination of economic warfare caused by currency manipulation. A combination of the financial resources of all nations in a monetary pool, on which each member could draw, was to keep stable the relations of the various national currencies to each other. The hitherto unrestricted monetary sovereignty of every nation, which allowed it to manipulate its currency by pushing it up or down whenever temporary conditions seemed to make it profitable, was to be curtailed. Small deviations up to ten per cent could be made by unilateral action; beyond this the co-operation, if not consent, of the Organisation was required. An International Bank, the funds of which were contributed by member states, was to restart the flow of capital for reconstruction and development purposes, which the long-drawn-out campaign against economic imperialism had almost dried up. The world being one, economically as well as politically, the scope of independent economic action by individual sovereign states was to be circumscribed. The age of international anarchy in politics and economics was to be ended.

## 3

As believers in "One World" the United States objected to its fragmentation. Their new outlook deepened their antagonism to colonial empires, which they regarded as conglomerations acquired by conquest and maintained by force, in which the dominant partner used his power to tie the less advanced members in a preferential trade system and make their commodities flow to his own markets, where he could buy them at low prices and secure protection within his own borders by discriminating against foreign competitors. The backward nations were not yet ready to take their place as equals among the United Nations. Their steps towards that goal had to be guided. The United States suspected their masters, who could hardly be trusted to speed up a development which might deprive them of considerable benefits. These rulers were not

yet willing to release their dependants. A Trusteeship Council had been established by the United Nations. The hope of some at least of its founders had been that it would supervise—if it could not supersede—the existing administrators of the colonial peoples. The non-possessing members on it would watch with unselfish diligence over the welfare of these peoples. The inevitable breaking-up of empires would not only free subject peoples but would also secure for all nations access under equal conditions to the markets and to the sources of supply of the hitherto dominant Powers. It would destroy both political and economic privilege and contribute to the rise of a world of equals. The responsibility of the Trusteeship Council had been limited to the Mandates which had been established by the League of Nations. But some of its members itched to get rid of these restraints, and to tell all metropolitan powers “when and where to get off”. The United Nations itself was not always able to withstand the temptation to butt in, as was shown by its by no means fair or fortunate intervention in Indonesia.

The United States had originally viewed all plans for regional federation with disapproval. They naturally disliked the attempts of Argentina to federate Spanish-speaking Latin America, not only on account of her unsatisfactory attitude during the war, but also because they believed that regional federations would weaken world union. In the early part of the war a scheme for federation between Poland and Czechoslovakia on the one hand, and Yugoslavia and Greece on the other, had been discussed; the two groups, it was planned, would join hands and form a powerful federated state reaching from the Baltic to the Mediterranean. It would be strong enough to hold its own against both Germany and Russia. But victorious Russia would have none of it. The United States did not mind Russia's putting her foot down, for they disliked regional federations. In the Lend-Lease agreements and in the Anglo-American Loan agreement they insisted firmly on the disappearance of preferences, and in the latter on the dissolution of restrictive monetary blocs. These blocs united their members and allowed for freedom of currency movements between them, but made the conversion of bloc currencies into foreign currencies dependent on special permission. They



created sheltered markets. Outside creditors could use their balances to buy goods within the bloc; they could not transfer them freely to non-member markets.

The United States had attempted to break down the trade barriers of the sterling area when granting a \$3,750,000 loan; the British Government had been made to promise the abolition of preferential duties and the free convertibility of recently acquired sterling earnings. But the United States misjudged the situation. Their insistence on the convertibility of sterling led to a crisis in the summer of 1947. They had to recognise that the economic world had been broken into fragments; its realignment was bound to take more time than they had allowed for. These, however, were relatively minor issues. What was very much more important was the discovery which slowly dawned on the United States that their concept of "One World" hardly corresponded with the political facts.

## 4

The conception of world unity which the United States wished to see incorporated in the United Nations Charter deliberately ignored geography, racial distinctions, and differing social systems. There was room in it for capitalist, pre-capitalist, and Communist countries. The rift between capitalism and Communism could not be denied; it was to be bridged by common co-operative action, as had been done in the war. Russia, however, was less and less inclined to act as a co-operative member of the United States' "One World". She had her own plans for "One World"; it was to be composed exclusively of Communist states. Until that goal could be reached she had to co-operate occasionally with capitalist Powers, but always with the object in view of weakening them. They were the irreconcilable enemies of Communism, with whom one could conclude an armistice but not a durable peace. The United States had had ample reasons for distrusting Moscow during the war. They had always feared that Stalin might sign a separate peace with Hitler. In order to keep him in line they had made many concessions. They had enabled Stalin to profit from his well proved unreliability. They had known the secret clauses of the Nazi-Russian non-aggression

agreement, at any rate since the Nuremberg trials—the public at large became aware of them in March 1947. These clauses showed beyond doubt that Russia and Germany had arranged Poland's partition before Hitler attacked that country.

Yet the U.S.A. were quite prepared to overlook the fact that Stalin had been an accessory to the crime of waging aggressive war, before and after its perpetration, and a beneficiary as well. In spite of American concessions, Russia had followed a line of action which was clearly predictable from her structure and her philosophy. In China, in Korea, in Persia, in Greece, in Austria, and worst of all in Germany, she pursued a double-barrelled policy. She tried to strengthen her position by entering into agreements with the Western Powers, and circumvented these agreements by interpreting them as it suited her. This became especially clear in Germany, where Russia used her position as administrator in the Eastern zone for the double purpose of removing everything which was removable, regardless of very definite restrictions in the Potsdam agreement, and at the same time laying the foundations of a semi-Communist order. The United States had reluctantly to recognise that there was a rift which could not be bridged by one-sided goodwill. There *was* no "One World"; there were at least two, and the Russian one was aggressive. It expanded relentlessly over neighbouring states and was deliberately turning them into economic provinces very much like the Ukraine or White Russia which, though dressed up as independent sovereign states, were dependent segments of the Soviet economy.

Stalin was accomplishing in Russia what Hitler had planned for Germany: the establishment of a huge empire, the core of which was purely "national", but which was surrounded by subservient states whose manpower and economic resources were at its disposal. Being much more realistic than Hitler, Stalin did not attempt to extirpate potentially unfriendly nations; he was satisfied with either expelling or eradicating their upper strata, in whom the flame of national non-Soviet patriotism was burning too brightly. The last six years of Russian policy have proved that Soviet imperialism is far more ruthless than capitalist imperialism has ever been. It has not exploited individual victims for the benefit of private profiteers, against whom some sort of redress might be had; it has ex-

exploited entire nations for the benefit of the Soviet collective, above which there is no master.

American statesmen and the American people are apt to make grave mistakes by simplifying issues, and by interpreting them wrongly in accordance with American concepts. But they possess one supreme virtue. When they find that they have erred, they do not waste time on self-excuse and vain attempts at face-saving; they just go into reverse, knowing that their people can stand the shock. They had discountenanced regional unions and alliances or plans for an Atlantic union. They had accused the British of trying to create a sphere of influence of their own in opposition to that of Moscow. They had proclaimed their own moral superiority to the old British and the new Russian imperialism. They had howled with indignation at Mr. Churchill's Fulton speech. They had to learn by bitter experience that one cannot resist the pressure of the Soviets by exhortation. They stopped short and reversed their policy.

The first constructive step in that direction was the union of the British and American zones in Germany (2nd December, 1946). President Truman's help to Greece followed, and was complemented a little later by the Marshall Plan. The Marshall Plan, as originally conceived, was a hint rather than a plan. It was not an anti-Russian move. It was based on the realistic conception that without generous American assistance the European world could not recover; this assistance, however, was not to be frittered away by unplanned distribution among all claimants. It was to help those who were willing to help themselves. Russia and her satellites were not excluded. It was Russia herself who deliberately caused a definite break between East and West by refusing to participate in the Marshall Plan and by forcing her satellites to keep out of it, or even to withdraw from it. The success of the plan, she feared, would greatly improve economic conditions in Europe and make her peoples less inclined to accept Communist counsels of despair. It would, moreover, postpone the inescapable crack-up of American capitalism, which the Soviet astrologers had been confidently predicting. They were convinced that without large opportunities for getting rid of its surplus, capitalism in the United States was bound to collapse. The Soviets, befuddled by their own doctrines, could not understand that, even if over-

production was absolutely inevitable, capitalism might save itself, for a long time at least, by dumping the surplus into the sea—a much cheaper process than going to war or facing revolution, or even than large-scale public works. The Soviets thought that their rebuff to the U.S.A. would lead to rearmament. While this rearmament would absorb excess production, if things really were as the Soviet doctrines presumed them to be, its burden would depress the standard of living in the West to such a degree as to make it quit. Yet its economic resiliency being very great, the West can surely stand the pressure far better than Russia.

✓ The Marshall Plan was a temporary measure. It insisted on the co-ordination of the needs and resources of the nineteen countries participating in it; waste, overlapping and dissipating competition had to be prevented. The plan was not meant to give a new political structure to the countries sharing in it. Some of them, Sweden and Austria for example, situated in particularly exposed danger zones, or Switzerland wedded to her neutrality, were not prepared to go beyond purely commercial co-operation.

Russia's refusal to participate brought about a fundamental change. It turned a relief action into a campaign for reunion.

Results were encouraging, but when aid could no longer be provided from a U.S.A. budget surplus and had to be defrayed either from additional taxation or from loans, Congress was to become a little restive. The Economic Co-operation Administration (E.C.A.) tried to keep up its flagging enthusiasm by dangling before its eyes a great ideal: a European customs union representing a market of 270,000,000 people—almost double that of the United States, and to which all nations would have free access under the same conditions. It conjured up beyond this a picture of the United States of Europe made by the United States of America and patterned after its own Constitution. No country in Western Europe could single-handed withstand a Russian onslaught. The defeat and the partition of Germany had, for the time being at least, removed the rampart which has protected the West from Eastern invasion since the days of the great Saxon emperors. The United States, remembering their own past when thirteen weak states pooled their resources against the great military

Powers of the Old World, called on the democratic peoples of Europe to close their ranks and form a Western Union, a common front in defence of the culture of Europe which Americans share with them. Europe had fallen apart in a Western half, standing for humanism, and an Eastern half in the claws of semi-barbarism and totalitarianism. She could only be saved by the formation of a Western Union supported by the entire western world. The Atlantic gap which the Revolution had opened between Europe and America was being bridged. The Marshall Plan had opened a road to reunion; the North Atlantic Pact was going to safeguard it.

## CHAPTER V

# THE GREAT REHEARSAL

### I

THE Americans who advocated a federation of Europe naturally offered their own Constitution as an appropriate model. They have always had a universalist urge. "I do not know", Woodrow Wilson had said, "that there will ever be a declaration of independence and of grievances for mankind; but I believe that if ever such a document is drafted, it will be drafted in the spirit of the American Declaration of Independence".

The aim of the "Founding Fathers" had been the creation of a nation united and indivisible. Their heirs expect the European countries to follow their example and to establish, with their help, a European nation.

Making a nation, however, is not as simple as drafting a constitution. The latter is man-made, the former is time-made. Even so, it took the United States nearly eighty years after the signing of the Constitution before genuine national unity was safely established; a four years' war between peoples who spoke the same language and had the same origin had shown the brittleness of a constitutional instrument which was not made unbreakable by a community of the spirit. Today, eighty-six years after that war, the American people are a nation. Alien elements—alien from the point of view of the original Anglo-American stock—have rushed in from all parts of the world. With the exception of the Negroes they have come of their own free will; they have been quite ready to give up all their national ways in return for American citizenship—though the old generation has sometimes found it hard. None perhaps has been more eager for complete assimilation than the American Negroes, for whom the accomplishment of this aim is most difficult. Only the Red Indians and some indigenous Spanish-American groups have more or less stood apart. Yet the culture of the United States even today is not as standardised as the

superficial observer is inclined to assume. It varies according to the country's main geographical divisions, and even from state to state. "Frenchtown" in a New England township and an Indian *pueblo* in New Mexico have little in common; life in Southern California and life in up-state New York have different rhythms. Yet beneath these regional diversities and strong local nuances there is an all-pervading unity. It is strengthened at present by the cessation of mass immigration, by urbanisation in big cities, and by the political forces of a mass democracy.

The American Constitution did not spring full-grown from the Declaration of Independence, as Pallas Athene sprang from the head of Zeus. Nearly fourteen years passed from the first Continental Congress, when the representatives of twelve colonies met at Philadelphia (autumn, 1774) and organised resistance, to midsummer of 1788, when the Constitution came into force after nine states had ratified it. In the meantime a second Continental Congress, attended by all the thirteen colonies, assembled in Philadelphia in the early summer of 1775, after the first clash of arms had taken place. It appointed Washington Commander-in-Chief, called on the colonies to assign troops and supplies, and assumed the right to issue paper money on their joint credit.

The Declaration of Independence (1776) turned the colonies into states. Each colony was assuming full sovereignty and becoming independent of the British Crown and of the other colonies. A year and a half later (1778), the Continental Congress adopted a constitution in the "Articles of Confederation and Perpetual Union". The articles provided for a Congress in which each state was represented by from two to seven delegates, but had only one vote. Each state retained its full sovereignty, freedom and independence. Congress was to manage the war and handle foreign relations. It could make treaties with the assent of nine states, borrow on joint credit, coin money, and issue paper money to fight the war. It had no power to tax and it had no army. It could call on the member states to supply both money and men, but it could not compel them to do so. It could establish a postal service and manage Red Indian affairs, but it could not regulate trade. Yet it had reduced the sovereignty of its members in one important direction: they had no international status; they could neither

appoint nor receive diplomatic missions. The Articles of Confederation were a blunt instrument, yet they enabled the United States of America to win the war. They remained in force for fully ten years. During that period each of the states gave itself a new constitution, as the old royal constitutions had broken down under the stress of war. These constitutions, though differing from each other in many details, were built on a similar principle. They established a kind of homogeneity which had been absent in colonial days. Their elaboration made the people of every state familiar with constitutional issues, and greatly facilitated the work of the Founding Fathers when called upon to improve the Articles of Confederation. Constitution making did, however, enhance, at least for the time being, the importance of each state in the eyes of its inhabitants.

When peace was made the dangers to the new Union from abroad had not disappeared. It was free but not secure. It had no army and no revenue; it could not pay its debts and it had no credit. Before the Revolution the external commercial policy of the colonies was directed by the Imperial Government, which treated them as more or less contiguous provinces of a self-sufficient empire. They were allowed to supplement the imperial tariff by additional duties raised mainly for fiscal purposes, and the control of internal and inter-colonial trade was to a considerable degree left in their hands. But the Imperial Government set its face against inter-colonial discrimination. After the Revolution the colonies' economic unity was broken. A multiplicity of independent economic units, some of them very small, had arisen, the bigger ones relying more on external trade than on inter-colonial exchanges. Each tried hard to build up its own resources and its own commerce, frequently at the expense of its neighbours. It was quite clear that without permanent co-ordinated joint action in foreign affairs, foreign trade and defence the states could hardly face another crisis. "We are one nation today and thirteen tomorrow", Washington complained. "Who will treat with us on such terms?"

A convention met early in May 1787 "to devise such further provisions as shall appear to them necessary to render the Constitution of the Federal Government adequate to the exigencies of the Union". It finished its final draft on 17th



September 1787; it had to be submitted to the states. In the spring of 1790 the last of them ratified the Constitution, although the new government had already taken office (30th April 1789). The making of this constitution has lately been called "The Great Rehearsal", evidently on the assumption that the European countries, being now threatened as were then the thirteen states, should repeat the performance staged 165 years ago at Philadelphia.

## 2

The American Constitution federated thirteen states of very unequal size and importance. Each of them had a regional character of its own and knew relatively little of its neighbours, given the poor means of communication. Yet they all talked the same language, modified, it is true, by regional nuances, and were ethnically fairly homogeneous. Even before the war they had been "One People". The prevalence of slavery in the Southern states had caused a grave divergence in social structure, but slavery as a system of production was limited to the south-eastern seaboard, and nearly everybody assumed its impending extinction. The various post-Revolution state constitutions revealed a good deal of family likeness.

The thirteen states had had a common war experience. They were animated, at least while the war was on, by a common American patriotism. Before the Declaration of Independence they had been fragments of a large empire. Now they were determined to form a national empire of their own. Great Britain had imposed on them her own commercial policy, to which all of them had been subjected; she had guided their foreign policy and had provided military, naval and financial means for their defence. None of them had ever enjoyed full sovereignty. Britain had fulfilled many of the functions which later on were to be taken over by the Federal Government. When independence was declared Britain's place was seized by the "Continental Congress". Its members sometimes behaved towards each other as if each was a sovereign state. But they were not acknowledged as such in international law; they had sent no ambassadors abroad and had received none. When they finally agreed, mainly under pressure of domestic problems, to

form a genuine union, they gave up a sovereignty which, so to speak, they had never possessed. What they actually did was to fill the place which the British Parliament and the British King had held in colonial times by a sovereign national Federal Government. This government was empowered to deal with foreign affairs, defence, currency and coinage, postal matters, Red Indian affairs, foreign and inter-state commerce, and to raise revenue by taxation or by borrowing for Federal purposes.

The Constitution had brought about a customs union which was co-extensive with the national territory, and had thus established what was to become the world's greatest free trade area. It prevented the break-up of a previous unity predetermined both by geography and history; it did not have to create it. It reconciled state rights with national rights by judiciously separating the two. It protected the states' interests by giving them equal representation in the Senate, and by making constitutional changes dependent on a two-thirds majority in the two Houses of Congress and on the assent of three-quarters of the states. The decision whether or not an Act of Congress was within the Constitution came to rest with the Supreme Court. A remnant of sovereignty was left to the states in as much as the President has to make treaties "with the advice and consent of the Senate", i.e. the states' representatives, provided two-thirds of the Senators concur.

The Constitution gave the nation an executive head, a President, who was elected not by the states but, in an indirect way, by the people. It did not adopt the British parliamentary system. It reserved legislation to Congress. The President can neither initiate legislation nor prevent it; his veto is merely suspensive. A two-thirds majority in both Houses can override him. He cannot dissolve the Houses, even when he can find no majority in them. The Houses, on the other hand, cannot enforce his resignation; except by impeachment. When the majority in Congress and the President belong to opposite parties the American Government is more or less paralysed: Congress can pass laws, but it may have difficulties in getting them enacted. In the last resort the President can be reduced to the role of a recalcitrant registrar of Congressional legislation who has to be prodded over and over again to carry out his duty. Only in an emergency can a strong President assume the

functions of a dictator whose term is limited, and who can be called to strict account later. It is a constitution frequently criticised in the United States. Few European democracies would be willing to exchange their parliamentary régimes for it.

The object of the Constitution was to create a nation or, as was sometimes said, an empire, by establishing a national government strong enough to hold the Union together, but too weak to encroach on the rights of the member states, or to assume any despotic power over its individual citizens. It has proved sufficiently elastic to adapt itself to all the situations which were to arise in the life of the United States—with one exception. When the social structure of the southern states had permanently deviated from that of the north, the United States became a house divided against itself. The Constitution cracked. A minority seceded when its vital interests appeared to be threatened; when its secession was not accepted, a four years' war followed.

## 3

Some of the features of the American Constitution have been incorporated in the federal constitutions of the British Empire: in the British North America Act (1867), the Australian Constitution Act (1901), and the South African Act (1901). All of them, however, have adopted the parliamentary cabinet system as practised in Great Britain. There was, moreover, a fundamental difference between the scope of the British Acts of Federation and that of the Philadelphian Convention. The British Federation Acts did not change the sovereign or his position. They fused a number of colonies with responsible governments into a Dominion. They did not even create independent states. None of the provinces or states which were federated in the three continents had possessed full sovereignty;<sup>1</sup> federation did not give it to them. Only very much later (1931) the Statute of Westminster conferred it. But even now the Dominions do not choose the head of their state, the

<sup>1</sup> The Union between Canada and Newfoundland which has now been carried through is the first case of federation between two independent Dominions. The dominion status of Newfoundland was, however, suspended from 1933 to 1949.

King; they inherit him. He delegates his power to a Governor-General. The member states in colonial federations sacrificed even less sovereignty than the thirteen states. The United States assumed, so to speak, the sovereignty formerly held by Great Britain which had lapsed owing to the Revolution; the British Federation Acts merely transferred a number of state functions to new federal agencies.

It would be fairly easy to draft on paper a federal constitution for Western Europe on the American pattern. There would be a lower house elected on a popular basis, to give each state its proper weight according to population. The upper house would be a State House, in which each member state would be represented by the same number of senators, thus being protected to some degree against the rule of a majority. But the working of such a constitution would be a different matter. The linchpin of the American system, a president elected by the people, cannot be fitted into a European constitution. Outside France, Italy and Germany there is no strong republican sentiment. In Britain, in the Benelux countries and in Scandinavia, the Crown is looked upon as the symbol of national unity, and as a guarantee of steady, uninterrupted development. In these countries nobody objects to republican institutions elsewhere, but nearly everybody regards the American missionary urge to spread republican systems in benighted foreign countries as a hangover from eighteenth-century revolutionary intoxication. None of these countries would be willing to establish a European presidency, the incumbent of which would stand above its national rulers and everything they represent, as the President of the United States towers above the forty-eight State Governors. Even a republican country like France would not be prepared to subordinate her own President, who is at the same time the President of the French Union, to a European Super-President, in whose election the French would have a permanent minority vote.

In the few successful multinational states, such as Canada, the sovereign power has brought about federation, but it has not been created by it. Without an elected president the American system cannot function. Even if all member countries were to turn republican, they would hardly copy the American system. No European republic has adopted it. The only one

which attempted to endow its President with some of the powers available to the American President in an emergency—the Weimar Republic—bitterly repented it. In the European mind fear of totalitarianism arising from plebiscites as the outcome of a strong presidency is always present. The fundamental difficulty of choosing the Head of the State could not be overcome by the adoption of federalism as practised in the British Dominions; for there the Head of the State for the time being is appointed, not elected, by the hereditary wearer of the Crown.

The question of the presidency might be dodged were the European countries willing to grant to a Union parliament some of the essential powers now exercised by their national parliaments. In these circumstances the actual control of foreign affairs, defence and Union finance would pass into the hands of a cabinet formed from the Union's lower house. The functions of the Head of the Union, chief among them the nomination of a prime minister, would assume a more or less formal character. They could either be exercised by a directorate of state rulers, or by each national ruler occupying the presidential chair in rotation. The American Constitution does not countenance such a solution, and Europe does not yearn for it.

A Union parliament, whatever its structure and its functions, would be multinational; its debates would have to be multilingual. Language difficulties can be overcome—though American experience has not shown how to do it, for the United States have not countenanced the survival of separate nationalities in their midst. Their public opinion would be horrified were a Congressman from New Mexico, born of Spanish-speaking parents and representing Spanish-speaking constituents, to address Congress in his native tongue. Nor can the United States offer any guidance in the management of an assembly composed of numerous parties. Their political régime is built on a two-party system; third parties have always been mere gate-crashers whose political life has been short. The two parties, it is true, are not divided by a great principle in which all their members fervently believe. They are nationwide agglomerations of very diverse state groups which are held together by a nationwide organisation, long regional and personal traditions, and a

common appetite for office. The political philosophy of a Democrat from the Deep South may conflict on nearly every point with that of a Democrat in New York City; but they vote together, win together or lose together. Such frictions become serious only when a party has held power continuously and feels strong enough to indulge in quarrels, or when it has been out of office for longer periods than job-hungry human nature can stand.

In Great Britain, the two-party system has hitherto prevailed; it is based on a rather crude voting system, which frequently provides far more seats for the winning party than is justified by the votes it has received at the polls. In Western Europe some sort of proportional representation is in force everywhere. It has been troublesome in many ways. The place of a cohesive majority party has usually been taken by loosely joined blocs. Today there are four major parties in Belgium, seven in France, seven in the Netherlands, eight in Italy. At the first election in Western Germany seven parties secured more than ten seats each. It is by no means impossible to devise methods for effective parliamentary co-operation between numerous groups, which differ from country to country even when they wear the same party label. But the constantly recurring ministerial crises in nearly all would-be member states do not give much hope of a strong and stable Union Government. There is no lesson to be learned from American Congressional government which could teach one how to overcome the difficulties inherent in the multi-party situation of Western Europe. Europe can draw her inspiration from the Declaration of Independence, even though it was a charter of separation rather than of federation; but she cannot model her future on the American Constitution.

## 4

None of the thirteen American states which claimed sovereignty from 1776 to 1787 could have followed either a strong foreign or a successful commercial policy of its own. They needed a Union in order to pursue such policies effectively. Before the Revolution they had been dependencies, and had had no foreign policy and no Foreign Department; they had agents in Great Britain, but they had never possessed the tools needed

for dealing with foreign affairs. The new states did not sacrifice much when the Federal Government took over the conduct of foreign affairs from the Continental Congress. By making the consent of the Senate obligatory to practically all important activities in the field of foreign affairs the states acquired rather than preserved rights.

The European states, on the other hand, have pursued independent foreign policies of their own for centuries. Sometimes they have been allies; at other times enemies; they have always been sovereign. Even when they have bound themselves by treaties and alliances, and have faithfully carried out their engagements, they have done so of their own free will. Their pacts and alliances have never implied even a temporary renunciation of sovereignty; they derived from and depended on it. These alliances were frequently limited to particular objectives, and often enough to definitely circumscribed areas. For the foreign policies of the European states had to be multilateral. Some of them had rights and obligations all over the world. It rarely happened that all of them were equally concerned with a particular theatre. In some parts of the world their interests were identical, in others they clashed. It was always a delicate matter to decide whether at a given moment co-operation or opposition was preferable. Methods, moreover, were very different even when aims were identical. The British Navy could deal with issues which the French Army could not settle, and the smaller Powers had to be very careful not to enter into disputes beyond their strength.

The present world situation simplifies the political issues for all Western Europe for the time being—just now defence against Russia seems to be all that matters. But there is neither complete unanimity about the nature of the menace, nor about the means for warding it off. There are, moreover, many nuances. In the Asian sphere the British have been quite willing to fling away their possessions while the French and the Dutch were clinging tenaciously to theirs. In Europe the vicinity of Germany affects France in a peculiar way, even though she is not more exposed to a German invasion than Belgium or the Netherlands. She is not only terrified of an aggressive Germany; she dislikes the prospect of a peaceful, prosperous and progressive Germany recovering the ascen-

dancy on the Continent which France lost after the collapse of the Second Empire. Even if there were not a single Communist in the French Chamber, a certain yearning for a powerful Slav bloc east of Germany might survive. The British, for their part, would scarcely like a foreign policy that would either make Britain a kind of insular appendage to the Western European continent, or disturb her connections with the Commonwealth. In the last six years they have—probably not quite consciously—subordinated foreign affairs to a policy of full employment though, owing to the prevailing scarcity of goods all round, full employment would have taken care of itself. The only people who for the time being would not lose some freedom of action by handing over foreign affairs to a Western European government are the Germans; for their own foreign affairs have been entangled and disentangled by the Occupying Powers. The foreign policy of a European Union would be decided by majorities in a European parliament, where German votes would count.

Modern European countries have learned long ago that democracies shine least in the field of foreign affairs. The average voter usually has some knowledge of the domestic issues that he has to vote on; he rarely has much experience in foreign affairs. Even a travelled man or a well-read woman can rarely claim to be experts. They usually see abroad what they want to see, and even if they get the facts right are apt to interpret them wrongly. Yet most European countries have followed a more or less consistent line in foreign affairs; they rely on national traditions supported by national instincts—a process by no means without danger. To place decisions on foreign affairs in the hands of a multinational parliament, where chance combinations of national, vocational, and ideological groups will make or mar them, involves a switch-over which few European governments and few European parties are fully prepared for at present. In the United States these issues had been very much simpler. In the formative years of the Union the main object of American foreign policy was to keep out of disputes outside the American Continent. This tradition has had a long life; it is not quite dead yet. The way, moreover, in which Congress handles foreign affairs today can hardly inspire Europe.



Yet it is pretty clear that in the face of common danger—which is not likely to recede for a long time to come—the Western European countries must co-operate. They must pursue either an identical or a joint foreign policy. But they must forge their own instruments for this purpose; they cannot borrow them from American history. Could they today consult the Founding Fathers, those great men would hardly advise them to imitate their work. They would say: “Face your problems, which are of a different order than ours were, in the same spirit of inspired realism in which we tackled ours, and you will succeed. Create, do not copy.”

## 5

The authors of the American Constitution wanted above all things to create a body politic capable of defending itself. But for the Constitution a number of independent states would have arisen. The larger ones might have tried to swallow up the smaller ones. They would almost certainly have gone to war with each other for the possession of the huge prize which lay beyond the Alleghanies; the war between the North and the South was to a considerable degree a war for the control of the western territories which were essential for the expansion of both the free and the slave states.

A preamble had explained the objects of the new Constitution. They were six in number: (1) To form a more perfect union; (2) to establish justice; (3) to secure domestic tranquillity; (4) to provide for the common defence; (5) to promote the general welfare; and (6) “to secure the Blessings of Liberty to ourselves and our posterity”. Of these objectives justice, domestic tranquillity, general welfare and the blessings of (domestic) liberty have been fairly well attained by the individual European states; their further progress in this direction does not depend on closer union; only the fourth, common defence, cannot in present-day circumstances be secured without closer union. But on this issue American experience does not help much.

Defence in the War of Independence had originally been entrusted to the militia of the several colonies. They proved unequal to the task, though much had been expected from men

called upon to decide "whether they will live slaves, or die free men". By and by a continental army, composed of enlisted men, had to be recruited, each state being supposed to provide a fixed quota. With the advent of peace and the adoption of the Constitution, defence was again returned to the states and their militia, the National Guards, for the "organising, arming and disciplining of which Congress had the power to make rules". They could be employed in the service of the United States only "to execute the laws of the Union, suppress insurrections and repel invasions". The State Governors, not the President, were their commanders-in-chief and appointed their officers. They could not be used on foreign soil, until the Defence Act of 1916 allowed the President "to draft into the military service of the United States any or all members of the National Guards whenever Congress authorises the use of armed forces in excess of the regular army".

The fear of a standing army as a menace to liberty had survived the Revolution. Even during the Napoleonic wars the opinion was widespread that "our security from invasion and the strength of our militia renders a standing army unnecessary". Yet Washington had succeeded in establishing a small professional army—it never exceeded 5,000 men during his administration—the costs of which were defrayed by the Federal Government. A navy, moreover, had been established which was exclusively Federal. The states were explicitly forbidden, "without the consent of Congress", to keep troops or ships of war in time of peace. Whenever the United States were engaged in a major conflict the experience of the War of Independence was repeated. The several national guards were integrated in a Federal United States Army. But the bulk of this army was formed by enlistment or, later on, by conscription—"the draft".

All European countries with the exception of Germany have regular armies. But when compared with Soviet Russia they lack manpower; while Russia maintained and improved her military strength, they disarmed and did not make adequate use of their resources. Each one of these national armies has a character of its own, and a long and proud record. Their efficiency would not be enhanced were they to be disbanded, re-integrated into a European army, and made to swear alle-

giance to a Europe which does not yet exist, and may at best be the outcome of their co-operation. The average Frenchman, Dutchman, German, not to speak of the British, has not yet the feeling of "oneness" with his European compatriots which unites him with his own people. He could not be made a good European by being drafted into the same company with men from the rest of Europe—even in the armies of multinational states like Austria companies and regiments were not mixed. In the Soviet Empire Communist fanaticism can and does override nationalism; there is not yet a Europeanism which could inspire all European nations. But intimate co-operation between national armies is feasible. In the past many a victorious army consisted of very divergent national units. The *Grande Armée* comprised specimens of most continental nations; the British Eighth Army and its later namesake in Korea were even more colourful. The success of these composite armies depended on unity of command which, under modern conditions, must be preceded by centralised planning, by similar if not identical training, and by more or less standardised equipment. All these can be secured without previous federation on the American plan.

## CHAPTER VI

### EUROPEAN PATTERNS

#### I

EVER since the Holy Roman Empire of the German Nation began to lose its original compactness the Germans have lived under a sort of federalism. In its final stages, as determined by the Peace of Westphalia in 1648, the Holy Roman Empire consisted of over three hundred odd states of the most varying types and sizes, loosely bound together by an imperial tie. Each of them enjoyed full sovereignty and was permitted to conclude alliances with foreign Powers which might even lead to war with their fellow members. It was a federation in which sovereignty had shifted almost completely to the member states. But for the fact that many of the states were far too small to exercise it, and therefore depended on the protection of the central authority—the Emperor, whose power was based on his Austrian possessions—the Holy Roman Empire might have cracked long before Napoleon enforced its final dissolution. Its ultimate successors, the German Reich and the later Habsburg Empire, were “federal states”. In both, the member states retained a far larger share of sovereignty than the original thirteen American states and their more recent associates. One talks a great deal of the excessive centralisation of the Reich; yet Bismarck himself was of the opinion that its members had the right to dissolve it and to resume their full sovereignty. In the Habsburg Monarchy this doctrine was openly proclaimed by Hungary. The Government of the United States answered similar claims on the part of the Confederate States by a call to arms.

At the Congress of Vienna a sort of reconstruction of the Holy Roman Empire resulted in the Germanic Confederation. Two of its thirty-eight member states, Austria and Prussia, were great Powers; others, like the three Hanse republics and the Free City of Frankfort, were very small. All retained a much fuller sovereignty than the members of the Continental Congress set up under the Articles of Confederation and Perpetual Union

in 1777. The Germanic Confederation was a quaint body; while it did not comprise the entire territory of its leading members, the King of the Netherlands (in his capacity as Grand Duke of Luxembourg), and the King of Denmark (as owner of Holstein), had each a seat in it and three votes each in the Plenary Assembly. Before the accession of Queen Victoria Hanover was affiliated to Great Britain, and the Hanoverian vote was directed from London.

The Emperor of Austria presided over the Confederation and his delegate over the Federal Diet, which was composed of the representatives of the thirty-eight governments. The larger states had four votes each, the less important ones two or three, and even the smallest had one vote; the total number of votes was sixty-nine. Most matters were decided by a two-thirds majority, but on all essential issues unanimity was required. A smaller body with seventeen votes—no state having more than one vote and the smaller ones sharing votes—dealt with routine business. It had to decide (by a bare majority) what matters should be submitted to the full meeting. The delegates forming the Diet held the rank of ministers. The Confederation was recognised as a sovereign international body politic; it could declare war by a two-thirds majority of the full Assembly. Foreign ministers were accredited to it, and it had the right to appoint representatives of its own at foreign courts; but it had no common agency for the conduct of foreign affairs. Its main task was the defence of the territory of its members, but Posnania, West Prussia, East Prussia, and the Hungarian, Polish and Italian possessions of the Habsburgs were not included in it; they were never part of the Confederation, which was not obliged to go to war in their defence. When Austria's Italian provinces were invaded by France and Piedmont the other members of the Confederation held aloof.

The military strength of the Confederation was decentralised; the Diet's army was 'composite'. Austria and Prussia had their own separate armies which were not subject to it; the smaller members were bound to furnish a quota to a federal rump army composed of the troops of the medium-sized states and three Austrian and three Prussian army corps. In a war involving the Confederation a supreme federal commander-in-chief could be appointed.

The Confederation had no revenue of its own. Its regular expenditure, apart from the costs of the federal chancellery, was limited to the construction of the two federal fortresses, Ulm and Rastatt; it never succeeded in finishing them. Its members had to provide for their trifling common expenditure on a *per capita* basis. Apart from the chancellery, the Confederation had no agents of its own. It had no administration which could compete or interfere with that of its members. But it had the power to compel an erring state to act within the framework of the federal constitution. Until the foundation of the Zollverein (customs union), which never comprised the entire Confederation, all the members had their own customs' tariffs, their own financial system, and their own currency. There was no overall German citizenship; every German was something of an alien outside the state whose subject he was. He was, however, allowed to emigrate to another state willing to admit him.

The achievements of the Confederation were very poor. Its shortcomings were due, however, not so much to its structure as to the rivalry of Austria and Prussia, the ambitions of the middle-sized states, and the intrigues of the smaller dynasties, who were mainly interested in keeping their sovereign rights intact.

The Constitution of the Frankfort Parliament (1849) reduced the sovereignty of the member states considerably by subjecting them to an hereditary emperor. It went very far towards unification. A Prussian counter-proposal, on the other hand—the draft of the so-called Erfurt Constitution—managed to secure closer union and to maintain State sovereignty. A directorate of ruling-princes with six votes was to be established—Prussia and Bavaria each having one vote and the other four being divided among the remaining thirty-five states; for the time being Austria was not included. The King of Prussia was to be hereditary president of this directorate and the King of Bavaria his deputy. It was to rule Germany; voting was to be by simple majorities and executive powers were to be exercised by its president as President of the Reich (*Reichsvorstand*). A partly elected, partly nominated upper house of 167 members was to represent the states, and an elected lower house, the people.

The Erfurt Constitution never became law owing to Austrian opposition. But thirteen years later an Austrian proposal revived the idea of a directorate with six votes—one each for Austria, Prussia and Bavaria, and the rest divided among the remaining states. Austria was to preside, but the president's rights were purely formal; he had merely to expedite business. The sovereigns themselves were not expected to meet regularly, but to be represented by delegates bound by their instructions. The directorate was to control military, legal, finance and trade commissions. It was to be the executive of the Confederation. There were to be two chambers: a federal council in which thirty-eight governments were represented by delegates disposing of seventeen votes and a federal parliament of 302 deputies delegated by the parliaments of the member states; seventy-five deputies were to come from the parts of Austria which were within the Confederation. Meetings of sovereigns were to take place when the lower house had finished its business. This Austrian draft likewise never became law, but the establishment of a directorate furnishes a pattern for the federation of states retaining their sovereignty. Among states of equal standing the functions of a president need not be permanently vested in a particular government, but could easily be exercised by all in rotation.

## 2

The German Confederation came to an end after the war of 1866 with the exclusion of Austria and the incorporation of a number of western German states in Prussia. It was succeeded by the North German Union, which did not embrace the southern states. Five years later, during the Franco-German war, all states were united in the "Deutsche Reich" (18th January 1871). The bulk of their peoples were ethnically even more homogeneous than the citizens of the thirteen American states had been. Owing to greater proximity and better developed transport facilities their contact with each other had been more intimate. Notwithstanding this homogeneity, there was a good deal of ill feeling between them. In some regions local patriotism—called particularism by the Germans—had tribal roots. But the inhabitants of the states were by no means

identical with the old German tribes whose descendants, greatly mixed in the course of centuries by intermarriage with their neighbours, overflowed their borders. The bulk of the Swabians lived in Württemberg, but there was a Swabian province in Bavaria. State patriotism was dynastic; people identified themselves with the dynasty that ruled them, even when that rule was of recent origin. The kingdoms of Württemberg and Bavaria had been created by Napoleon and had incorporated a number of former states and statelets. Yet they had managed to impregnate their newly won subjects, within a century, with a strong dynastic patriotism, and had made them conscious of a marked "otherness" from their political neighbours. Both Prussians and Bavarians looked upon one another as very different and by no means attractive specimens of mankind. Prussia herself was a composite state—quite apart from her Polish possessions—since she had annexed parts of Saxony, Schleswig-Holstein, Hanover, Nassau, Hesse-Cassel, Hesse-Homburg, the City of Frankfurt and the greater part of the Rhenish archbishoprics. Most of her recently incorporated subjects had been fairly well assimilated, but in Hanover, even under the Weimar Republic, there survived a strong attachment to a dynasty whose behaviour in the nineteenth century hardly warranted such fidelity.

These dynastic obstacles were circumvented rather than overcome by the Zollverein. It held together by a common tariff a number of sovereign states whose princely rulers were not willing to sacrifice their sovereignty. Bismarck's German Constitution respected it. It was based on treaties between twenty-five surviving German states, three of which were republics. These twenty-five Allied (federated) Governments—*Verbündete Regierungen*—were the rulers of Germany. They formed the Federal Council. Each of them held at least one of its fifty-eight votes; the bigger states held four to six and Prussia seventeen; three additional but limited votes were given to Alsace-Lorraine. Fourteen votes sufficed to veto any decision. The Allied (federated) Governments—not the Emperor—embodied the sovereign power of the Reich. The Emperor exercised his imperial functions as their agent; he was their manager, not their master. But the Emperor was also King of Prussia, and Prussia, with about two-thirds of the Reich's



population and two-thirds of its wealth, was the predominant partner in the federation, and Prussia's will finally prevailed.

The Reich's main concerns were foreign affairs, defence, foreign trade, currency and banking. By and by it managed to get its own revenues; when they were insufficient it called upon the states for *per capita* contributions; when it had a surplus it distributed it among them. It had its own executive, the Imperial Chancellor, appointed by the Emperor, who represented the Allied (federated) Governments before the Reichstag, the popular assembly.

The Bismarckian Reich was not a highly centralised, unitary state. Its larger members retained a good many of the attributes of sovereignty. The King of Prussia, in his capacity of German Emperor, was Supreme Commander, but the armies were not German, but Prussian, Bavarian and Württembergian. The states had their own ministers of war; the Prussian minister was responsible for the military units of the smaller states. The navy was imperial, since the larger non-Prussian states had no sea-board. The several kingdoms retained the right to receive and appoint foreign missions. There were British, French, Austrian and Italian Ministers in Munich, and Bavarian Ministers in Vienna, Paris and Rome. All the member states had legations in Berlin, and Prussia was represented at their courts. For quite a long time Bavaria, Württemberg and Saxony ran their own post offices and had their own stamps. The major states continued to own and manage their railways; they had their own banks of issue.

The federal pattern of the Reich was blurred by the unequal weight of its members. Prussia, one of the great European Powers, was federated with twenty-four medium-sized or small states in a kind of *Societas Leonina*. She was a closely knit centralised state, though far less centralised than France. Her seventeen votes weighed heavily in the Federal Council—fourteen votes could defeat any decision. In the long run she was bound to get her way, though her leaders had to be careful all the time not to hurt the susceptibilities of her weaker allies. Prussia was never as predominant in the Reich as England was in the United Kingdom. The baleful influence she exercised was not so much due to her centralisation—the Prussian provinces had a large amount of local autonomy—as to her

political structure. The Prussian Diet was elected on a very narrow franchise, which usually secured Conservative majorities. The Reichstag, on the other hand, was chosen by manhood suffrage and usually had an anti-Conservative majority. The Imperial Chancellor needed the support of the Reichstag; as Prussian Prime Minister he depended on the Prussian Diet. The crucial troubles in German politics were not so much due to the survival of sovereign rights in the states as to the discrepancy between the Prussian and the Reich's political systems.

The lesson to be learned from these troubles is a very important one: a union is in danger when the majorities which control the states and those which control the federal-government disagree on fundamental issues, and when the union government tries to follow a course which state governments are able to obstruct.

## 3

The Habsburg Monarchy was a genuine multinational state. In its western half (called Cisleithania, after the Leitha River which formed the frontier with Hungary) 35.5 per cent of the population was German, 23 per cent Czech, 17.8 Polish, 12.6 Ruthenian, 4.5 Slovene, 2.8 Serb and Croat, 2.8 Italian, and 1 per cent Rumanian. In Hungary (Transleithania) there were 48.10 per cent Magyars, 9.75 per cent Germans, 14.12 Rumanians, 9.42 Slovaks, 8.79 Croats, 5.29 Serbs, 2.26 Ruthenians, and 2.27 per cent odd splinters. Until its defeat in 1866 and its exclusion from the Germanic Confederation, the Habsburg Monarchy had been a more or less centralised unitary state dominated by the Germans, its most advanced population. In 1867 the Empire was cut in two. The eight distinct nationalities inhabiting its western half (officially called "the countries represented in the Imperial Parliament") spread over seventeen distinct territorial units. Some of them—Bohemia, Moravia, the Tyrol and Galicia—were bi-national and separate national rights were recognised within them. Many territories had been sovereign states in the past, but their sovereign rights had been transferred to the central State and its embodiment, the Emperor. After 1866 they enjoyed a good deal of autonomy; each had its own local parliament, and sent

deputies to the Imperial Parliament. Their relations to the Vienna Government were not unlike those of the Province of Quebec to the Dominion of Canada.

Old Austria had been a single sovereign state. The Compromise of 1867 recognised Hungary (the territories of the crown of St. Stephen) as a second separate independent sovereign state. Its sovereign was the Emperor in his capacity of duly crowned King of Hungary. Hungary, though inhabited by seven main nationalities, was unitarian (the former kingdom of Croatia retained some delegated autonomy). The two separate sovereign states, Austria and Hungary, entered into a political and economic union by a treaty—the details being resettled every tenth year. Their only permanent link was the Emperor-King. Foreign affairs, currency and banking, trade and defence were common matters, each of them under a common minister. The revenue needed for common purposes was drawn from customs and excise and from the contributions of the two partners, agreed by them on a percentage basis, which was revised every ten years. Every year the two Parliaments appointed delegations composed of members of their upper and lower houses. In the Austrian delegation the several Austrian nationalities were represented; in the Hungarian, only the Magyars and the Croats. The delegations met alternately in Vienna and Budapest to debate common affairs, vote the additional supplies that each partner had to furnish, and pass the common budget. Apart from customs, and to a certain extent excise, each half of the Empire had its own fiscal system. Each delegation met separately and discussed matters in its own language. There was no joint debate; communication between the two groups was carried on in writing. When agreement could not be reached after notes had been exchanged three times, a joint meeting was arranged and a vote was taken without previous discussion. Bosnia and Herzegovina were administered by the common Minister of Finance who was responsible to the delegations.

The army was the joint responsibility of the partners, but only so far as its first line was concerned. The Territorials in Austria (*Landwehr*) and in Hungary (*Honved*) were separately organised. German was the official language of the joint army; the navy used German and Italian, the Territorials German or

Hungarian. Officers had to know the languages of their regiments.

Both states had the same currency and a common central banking system. As time went on the Hungarians became more and more insistent on the erection of an internal customs boundary, which would enable them to protect their nascent industries against Austrian competition. For the customs union had united a relatively backward part of the Empire to a much more advanced one. Similar disintegrating tendencies existed elsewhere in the Monarchy. After its collapse in 1918 President Benes declined the establishment of a customs union among the Danubian States with these words: "The Czechs have not fought for political freedom, for this they had enjoyed to a certain extent before the war, but for their economic independence; and therefore the scheme for a Confederation of the Danubian States is out of the question for the Czechoslovakian Republic."

## 4

The union between Austria and Hungary was a union between two fundamentally distinct peoples. The relation of the Germans (who had originally controlled Austria) to the Magyars (who continued to dominate the non-Magyar populations of Hungary) was very much like one of West to East. The Magyars prided themselves on their 'Asian origin. They claimed brotherhood with the Ottoman Turks.<sup>1</sup> They had succeeded in maintaining a feudal land and political system in the face of the strenuous efforts of the Habsburgs to introduce a modern state administration. They ruthlessly attempted to Magyarise the 52 per cent of non-Magyars under their rule, though their limited culture did not offer non-Magyars much compensation except jobs for the sacrifice of their own ways. The Magyars did not spare the Germans under their sway, even though their own ascendancy in Hungary depended on the support of the Germans in Austria. Though they had borrowed a great deal of Western, and particularly German, culture, they disliked and even despised things German. The

<sup>1</sup> They are now being taught that this was a bourgeois error and that they are genuine Slavs.

entire nation indulged in an attitude of flashy aristocratic superiority over the plodding, bourgeois Germans. The two united peoples were far more alien to one another than the French and English in Canada, or the members of Western Union even at a time when they called each other hereditary enemies. But their union worked, partly because the two halves were complementary in the economic field, Hungary being almost exclusively agricultural when the Compromise was concluded. When these conditions began to change, and Hungarian industry was being developed, this natural integration ceased. Industrial nationalism clamoured for an internal customs boundary, though few of its advocates were willing to renounce the political union. For the strongest clasp that held the two halves together was fear of Russia. The Union was a Great Power; its device was "Viribus Unitis"; broken in two, most of the western half might have joined the German Reich, but Hungary would have been left—a small island floating in a sea of enemies.

The ultimate failure of the Union was due to a fundamental weakness. Six of its eight main nationalities were splinters of greater nations across the border, whose attraction they could not resist, especially as the national intransigence of the Magyars had discouraged full federation in the western half and blocked it completely in their own half. Yet the Union lasted over half a century and brought prosperity to its people. It is the only union between thoroughly dissimilar nations which has been in operation for a longish period, and in which the national partners retained full sovereignty. The association of Pakistan, India and Ceylon with the Commonwealth of Free Nations is very much looser: it has, moreover, not yet evolved a constitution for close political and economic co-operation.

The Compromise of 1867 never attempted to bring about a new nation. Its main object, especially on the Hungarian side, had been the protection of separate nationhood from internal and external impacts. Yet it has clearly demonstrated that relative homogeneity among members is not a prerequisite for the formation of a union. It has shown that a union of nations is as workable as a union of states. Its foundation, it is true, was facilitated by the existence of a common dynasty. Its continua-

tion was, however, threatened over and over again by the deep-seated animosity of powerful Magyar sections against the Habsburgs. The political mechanism which the Compromise constructed could easily be perfected by independent states. They could form a directorate of their rulers which would take the place of the Emperor-King. It need not have all the latter's prerogatives, for it would not be subject, as he was, to traditional resentments, which seem to be the portion of nearly every metropolitan government when its formerly subject partner nations are acquiring equality of status. The awful fate which has befallen nearly all the nations that pulled the Austrian Empire to pieces should be a warning to the peoples of Western Europe. It should teach them that their nationality is very much safer in a union than in isolation. The history of the Irish question, on the other hand, shows very plainly that a too closely knit union between a larger and a smaller nation gives the former an ascendancy which the latter is not going to tolerate—a lesson taught equally well by the War of Secession on the American Continent.<sup>1</sup>

<sup>1</sup>The U.S.S.R. is a multinational state. There are ten major ethnic groups amongst its peoples, but most of them represent a very small percentage of the total population. Nearly 80 per cent of the inhabitants are "Russians"—52 per cent of them belong to Great Russia. Each of the sixteen republics forming the Union is supposedly sovereign and is entitled under the Constitution to leave it. The Ukraine and White Russia are, on paper at least, completely independent states. They have their own armies and their own foreign offices, and are members of U.N. They have not, however, made much use of their sovereignty. They have sent no foreign missions abroad, and they have received no foreign missions in their capitals. There does not seem to be a Minister or High Commissioner of the Ukraine in Moscow, nor a Moscow representative in Kiev. The U.S.S.R., moreover, has been formed, not by *federating formerly independent states* but by *delegating pseudo-sovereign rights* to a number of provinces of the Czar's former empire; some of them, like the Baltic States, had been deprived of their newly won sovereignty by re-conquest before they were endowed with spurious pseudo-sovereignty.

The U.S.S.R. is a highly centralised state whose members have not pooled their sovereignty, but to whom the central authorities have delegated regionally circumscribed pseudo-sovereign power.

The 22 cantons of Switzerland are a genuine multinational union. They have a parliament of two chambers: an Upper House, the Council of State, with 44 members, two from each canton; and a popular Lower House, the National Council, with 194 members. The two chambers combine in a Federal Assembly. The executive, a President, a Vice-President and a Federal Council of seven members, are chosen by the Federal Assembly, the two former for one year, the latter for four years. In every political aspect Switzerland is *sui generis*. Her marvellous success is due to a multiplicity of causes, conditions and circumstances which cannot be found anywhere else, and in the absence of which all attempts at partial imitation are bound to fail.

## CHAPTER VII

# THE FOUNDERS OF WESTERN UNION

### I

THE rise of an aggressively expanding Russia has rendered a double service to the European movement. It has in the first place made it an urgent issue for constructive statesmanship. It has in the second place simplified the problem by limiting it to Western Europe. For many of the satellite states, and, of course, Russia herself, were less "European" than the Western remnant. In the past inclusion or non-inclusion of Russia in any scheme of "Pan-Europe" presented an obstacle to its advocates that they found hard to overcome. From a geographical point of view inclusion was inevitable; from a cultural one, it was to say the least doubtful; it would have made the least European of the European family of nations the predominant partner in a European federation. Her position in it might have become very much like that of Moscow (R.S.F.S.R.) in the Union of Soviet Socialist Republics.

The situation is now greatly simplified. Even so, a union of Western Europe presents far greater difficulties than other unions have done.

Of the five founders of Western Europe only one, Luxembourg, is a state of the type of the thirteen American states, and has never enjoyed full material independence; it was a political adjunct of Holland, a member of the Germanic Confederation and the Zollverein, and in 1922 it joined the Belgium-Luxembourg customs union. Three of the other partners are empires or unions, France and Britain extremely complex ones. The British Empire covers fourteen and a half million square miles with nearly 600 million inhabitants; the French Empire spreads over four million square miles with about 115 million inhabitants, and that of the Netherlands comprises 800,000 square miles with over eighty million inhabitants. Belgium and her colonial demesne in Africa, with over 900,000 square miles and a population of about twenty million, is not called an

empire, but has many of the features of one. Luxembourg, Belgium and the Netherlands had already drawn close together by 1948, and are prepared in the near future to establish a genuine customs union. It would be a partial reunion, for from 1815 until the Belgian revolution (1830) Belgium was part of the Netherlands, and Luxembourg, though a separate duchy and a member of the Germanic Confederation, was ruled by the King of Holland. The metropolitan population of the three countries (about eighteen million) is predominantly Flemish, though of about eight and a half million Belgians three million are French-speaking Walloons, and nearly all the 300,000 inhabitants of Luxembourg have a more or less German background. Historic, geographic, ethnic, economic and cultural conditions favour reunion.

The other two partners, France and Britain, with a combined metropolitan population of about ninety million, were hereditary enemies for centuries. They share a common cultural background, but they do not occupy quite the same danger zone—the French are very acutely aware of this. Their social and political structures, moreover, differ greatly. Though both are democracies, their political mechanisms are dissimilar. Some of these differences are no doubt disappearing. Great Britain is rapidly relinquishing her indigenous type of government. She is eagerly adopting continental methods of bureaucratic centralisation—one might almost call it delegated despotism. Yet the outlook on life in the two countries remains very divergent—though the differences are not too great to prevent close co-operation during a crisis. The contrast between Yorkshire and the lands of Languedoc is perhaps not much greater than between French-speaking Quebec and English-speaking Ontario, which complicates Canadian politics yet does not menace the unity of Canada. But the British attitude is far less European than that of her continental neighbours. She is the offspring of the Continent and owes her institutions to Romans, Teutons and Normans, but she does not indulge in the emotions of basic “oneness” which can be roused in continental meetings and are buttressed by continental traditions.

Britain was an important province of the Roman Empire, but she was at no time actually incorporated in the Holy Roman Empire, which formed the framework of modern



continental Western Europe. The Continent has always been a foreign world to the British, a world one could enjoy and love, but mainly because it was different from the domestic scene. It was always "abroad" even when one was permanently domiciled there. Its ways of life were foreign even when one tried to conform to them. One never had the impression of being in an elongated or enlarged stretch of one's native land which one got in the Dominions and in the United States, even after they had ceased to be purely Anglo-Saxon. Western Union to Britain is a *marriage de convenance*, while Latins and Teutons can see in it the long deferred realisation of love's young dream. To many Britishers, in fact, the scheme is a kind of dangerous dalliance which threatens the domestic peace of the happily mated members of the Empire. Yet political man may have the same polygamous instincts as his domestic counterpart, and the law of nations may condone political bigamy.

## 2

Of the five partners only Luxembourg is exclusively "European". Belgium owns a huge African dependency, the Congo, with over ten million natives and a handful of white people (34,000). She administers, moreover, the mandated territory of Ruanda-Urundi, with nearly three and a half million natives. The Congo is the centrepiece of that large portion of Africa on which the régime of the "Open Door" was imposed by the Berlin Conference (1885). Unlike many other colonies, it is not tied to the metropolis by a system of preferential agreements. Were Belgium to enter a confederation or a customs union, few important changes in the external relations of the Congo would have to be made. Even if Belgium became a member of a complete union the position of the Congo need not be greatly altered; it could become a dependency of the new union, as territories originally owned by the American states became dependencies of the United States. Or it could be fused with the neighbouring colonial dependencies of France and Great Britain, which are likewise subject to the Open Door rules, rewritten in greater detail after the first world war.

The other three partners are empires. An empire is a large-scale composite body politic formed by heterogeneous popula-

tions, ruled by a single will. Empires are *horizontal* when the social standards of their members are on approximately the same plane; they are *vertical* when the social, political and economic culture of their dependent members is below that of the ruling member. In the past all empires have been more or less coercive. A leading metropolitan state dominated subject nationalities. In the nineteenth century a large part of the British Empire became "co-ordinated". Settlement colonies were turned into Dominions, and finally were made partners of equal standing. British empire builders had always looked forward to the day when the highly civilised coloured subjects of the Empire would rise to full equality. These hopes have been fulfilled by the recognition of Pakistan, India and Ceylon. Similar changes have of late taken place in the Netherlands and French Empires. The overseas members of the British Commonwealth of Free Nations, Indonesia and Viet Nam are by now sovereign partners of co-ordinated empires. Subordinate members of an empire, on the other hand, have no political will of their own. They form appendages of the metropolis and are automatically affected by her decisions, especially where questions of defence and of trade are concerned.

Some colonial empires, like the old British Empire, have been closed empires; their trade was more or less restricted to dealings with other members or with the mother country. Others, like the British Empire in the free trade era, were open empires; foreign countries enjoyed equality of opportunity in both colonial and metropolitan markets; colonial produce had to compete in home markets with foreign produce; it was not reserved for home consumption and could go anywhere.

The Netherlands own the small colonies of Surinam and Curaçao in the Caribbean and part of New Guinea. Their empire in Indonesia, covered 750,000 square miles, with seventy million native inhabitants who speak about sixty different languages. This huge mass of mankind is at the moment a seething cauldron. A constitution has been agreed upon which has transformed the Netherlands East Indies into the United States of Indonesia. They are partners in a Netherlands-Indonesian Union under the Netherlands Crown. The success of this plan would settle the strife. After entering a European Union the Dutch partner of the Netherlands-

Indonesian Union would have a double membership. The Netherlands Empire was an open empire, and it would not be too difficult to rearrange the economic relations of Indonesia. The members of Western Union could admit goods from the Indonesian Union as before on easy terms, for there was never much discrimination against them. The Indonesian Union, which hitherto has let in goods from everywhere, without—broadly speaking—discriminating in favour of the Netherlands, could continue this policy. The demand for rapid industrialisation, which is one of the main planks of colonial nationalism, might, however, lead to the protection of Indonesian infant industries. This might in its turn result in a triple tariff imposing different duties on metropolitan, Western Union, and foreign goods.

The French Empire, the *Union Française*, is a very complicated aggregate. It consists of metropolitan France and France overseas (*France d'outre mer*). The President of the French Republic is its head; it has both a High Council and an Assembly. The High Council is composed of delegates of the French Government and of representatives of the associated states. The Assembly consists as to one-half of representatives of metropolitan France, and as to the other half of deputies from the "overseas *départements* and territories" and the "associated states".

Overseas France comprises Algeria, the overseas *départements*, the overseas territories, and the French associated states. The latter are the protectorates of Morocco and Tunisia, and the federation of Indo-China. Algeria's three *départements* are treated as part of metropolitan France; they are included as far as possible within the domestic administrative system. The government of the overseas *départements* is modelled on that of French metropolitan administration. The "overseas territories", mainly in Western and Central Africa, are run as dependencies, somewhat like the Congo or Nigeria. The protectorates and the associated states are governed by native rulers under more or less discreet French surveillance.

## 3

The British Empire and Commonwealth is probably the most multiform body politic hitherto known. Its core—Great Britain and Northern Ireland—is itself a union; the Channel Islands and the Isle of Man are attached to it. In Scotland the features of a member state are, it is true, no longer very distinct, but Northern Ireland's relation to Britain resembles that of a Canadian province to the Dominion. Britain owns a subordinate colonial empire, mostly in Africa, whose relatively backward peoples she rules. Some of the colonies, particularly those with a layer of white population, have elected legislatures; Southern Rhodesia has responsible government. The policies of the colonies forming the subordinate empire are in the last instance decided by the Imperial Parliament, though there is a strong trend towards complete self-government.

The metropolis is also a member of another, a co-ordinated, empire, usually called the British Commonwealth of Free Nations. It consists of four "Realms" (three of them federated) evolved out of settlement colonies, and the three new native Dominions—Ceylon, India and Pakistan. The Irish Republic clung to it until very recently, insisting all the time that it did not want to be part of it.

This co-ordinated empire, the British Commonwealth of Free Nations, is constitutionally the loosest, and politically one of the firmest, of all federations. Its main legal bond of union is the Crown, though two of its members are by now republics. It has hardly any joint institutions. Each member state pursues its own foreign policy. Each has its own army and can remain at peace when the others are at war, as the Irish Free State did during the second world war, when it was still a member of the British Empire family. The conferences between their representatives are informal gatherings. There is not even a joint chancellery, though the Secretary of State for Commonwealth Relations in the Government of Great Britain and Northern Ireland carries out some of its functions. The Dominions are at liberty to leave the association of their own free will. They cannot be coerced by their fellow members to remain, as were the Confederate States by the war of 1861–65. Nor can their associates discipline them for acting in defiance of the Constitu-

tion, a right which the members of the Germanic Confederation possessed, and occasionally exercised. The several attempts at tying the Dominions up in some sort of customs union have so far failed, for none of them has been willing to renounce its economic sovereignty in favour of a joint authority which would direct Commonwealth economic policy as a whole. They have no common currency. Both the South African and the Australian pound differ from the British pound sterling, and Canada is on the dollar basis. Both Australia and New Zealand have colonies of their own. While the legal ties within the co-ordinate empire are very weak, its members stand together of their own free will in every great crisis, even though they live in different danger zones.

In the free trade era the Empire was open, but many of the future Dominions began to establish protective tariffs. Since the Ottawa Conference of 1932 the Empire has been closed. It is broken up into a number of geographically separate customs units; some of them—Australia, Canada and South Africa—might even be called customs unions in as much as they were formed by federating a number of separate colonies, each of which renounced its own tariff in favour of a federal tariff. These separate customs units are connected with one another by preferential agreements, which bring about a very limited amount of economic unification. The subordinate empire contains areas which are subjected to the régime of the Open Door, and therefore excluded from preferential agreements. The mandated areas taken over from Germany after the first world war are in a similar position. The backwardness and poverty of the people in most tropical colonies make the introduction of protectionist systems inadvisable, even though preferential treatment of colonial products on the home market might help colonial producers.

The monetary policy after the second world war has, at least temporarily, profoundly modified the shape of the British Empire. A sterling area has been established within which the currencies of the members are freely convertible and the movement of capital is unimpeded. The members pool their gold and dollar reserves with the Bank of England and draw on them when necessary. They hold, moreover, considerable sterling balances with it, which can be used freely for purchases within

the area, but can be released for outside purchases only by special agreement. A very considerable proportion of these balances—arising out of war sales to Great Britain—is frozen; they amounted originally to over £3 milliards. They have become loans to Great Britain, instalments of which are released from time to time and withdrawn by purchasers of British goods—the so-called “unrequited exports”. They provide Great Britain with sheltered markets, since the owners of these frozen balances can use them only for purchases in Great Britain. The creditor-debtor nexus has thus been inverted. The metropolis no longer holds Dominions and dependencies in debt bondage; the latter are tied to her as creditors who must co-operate with her in order to get their claims released. For the time being this tie is stronger than the preferential system. The latter is, moreover, being weakened. A large part of the United Kingdom’s imports is bought in bulk, and the Government buys them irrespective of preferences, not always where they are cheapest, but where they can most profitably be paid for by British exports.

The sterling area is not conterminous with the Empire’s political frontiers. Some foreign countries are within it; on the other hand, Canada remains outside it. Canada’s economic interests are no longer adequately protected by preferential treatment, since bulk purchases have gone outside the Empire as well as outside the sterling area. The sterling area is clearly not a permanent substitute for an economically united empire; it may even contribute to its disintegration.

## 4

The multiformity of the main Western Union partners raises problems which earlier constitution-makers never had to face. They must now take into account rights and duties arising out of overseas connections. The constitutional position of the subordinate overseas territories is fairly simple. They have no political will of their own. They are at peace when the Paramount Power is at peace and at war when it has declared war. They cannot contract out. Only in France are they represented in the metropolitan legislature. The United Kingdom will hardly follow France’s example, change its political structure, and provide seats at Westminster for the repre-

sentatives of dependencies which have not yet reached Dominion Status.

In a union these dependent members of colonial empires could either retain their status of "national dependencies" or they might be turned into "joint dependencies". In that case each regional group—Africa, South-East Asia, and Oceania—could be organised as a loose unit, its component national parts being administered on more or less identical lines. Such a correlation of national colonial administrations by a union whose members have colonial experience would probably be much more fruitful than the interference of carping and by no means always well meaning dilettantes in the United Nations who try to subject all colonial possessions to the Trusteeship Council.

The European Powers can hardly incorporate their *co-ordinated* empires in a Western European Union. It is most unlikely that the British Dominions, which have never yet been prepared to join a British Empire Parliament, would either individually or collectively enter Western Union and participate in its Assembly. If they did, the Union would no longer be "European". But a union need not, however, embrace all parts of an empire. The old Austrian Empire, for example, was the leading member of the Germanic Confederation; yet its Hungarian, Croatian, Italian, Istrian, Dalmatian and Galician sections remained outside it, even after most of them had become parts of an All-Austrian customs area. Similarly, the Prussian provinces of East and West Prussia and Posnania (which had not been parts of the Holy Roman Empire) were not members of the Confederation before 1848, though they were parts of the customs union (Zollverein). The Frankfort Constitution (28th March 1849), which aimed at a closer union of all Germany, attempted to solve the Austrian problem by the provision that German-Austrian countries united under the same ruler with non-German populations should have a separate constitution, a separate government, and a separate administration so that they could join the new German union.

The overseas members of a co-ordinated horizontal empire, all of whom are sovereign, need not be included in a European Union. Their mother country could join it and they could remain outside. They would not be automatically bound to

contribute to the Union's defence, nor would the Union be compelled to come to their support. Their political relations with the mother country would not be affected by the latter's joining another Union. Federal constitutions can be flexible.

Each founder of Western Union with co-ordinated overseas associates would have, as it were, a double partnership—it would be a member of two separate unions—while the overseas partners would have, at least for the present, only a single tie. Yet one of them, Canada, is a member of the British Commonwealth of Free Nations and, by a defence pact and a hard currency, intimately associated with the United States.

The new French constitution does, however, raise a difficult issue; seventy-five representatives of overseas France sit in the French Assembly and sixty-five in the Council of the Republic. They might, indirectly through their vote, interfere in Union affairs, while very much more powerful members of other empires would stand outside it. It might, of course, be possible to find a formula neutralising their influence.

The economic problem is more difficult to solve. A union of two open empires is easy; the unimpeded flow of goods between them and the outside world can continue on old-established lines. A union of an open with a closed empire necessitates either the conversion of one member to free trade or of the other to protection. A compromise may be found in a reduction of its tariffs by the closed, and the adoption of an identical low tariff by the open, empire. A union of two closed empires implies the adoption of a new common tariff in the place of two distinct imperial tariffs. It would lead to a customs union in which the partners are not single, but composite, states. Where the contracting empires are cut up into a number of sovereign separate customs areas—as, for example, the present-day British Empire—a number of regional customs unions might have to be formed.

The enlargement of Western Union would add new complications. Of the members of the Council of Europe who would ultimately have to join Western Union, only Portugal—and to a slight degree Italy—have overseas possessions. Countries with purely European interests, like Scandinavia or Germany, might be chary of supporting overseas foreign policies which might react unfavourably on their European position. Turkey,



moreover, can hardly be called a European power, though she holds one of the keys of Europe in her hands. The complexity of these relations makes it necessary to seek union on lines which differ considerably from those on which the great American experiment was successfully launched.

## CHAPTER VIII

### CUSTOMS UNIONS

#### I

**T**HE attitude of the United States under the Marshall Plan resembles in some ways that of the British Imperial Government earlier in this century when it attempted to bring about a federation of hitherto separated colonial governments in Australia or South Africa. It used to lay great stress on the economic benefits bound to accrue to them from a political union which would, almost automatically, establish a customs union. This customs union would cover the territories of the participants and provide the economic basis for the growth of a new nation. But the task of E.C.A. (European Co-operation Administration), the agency for distributing Marshall Aid, has been very much harder. The Imperial Government had to deal with non-sovereign bodies which would gain in status by an act of union. The European countries, the wards of E.C.A., would lose their national sovereignties for the sake of a union which might be brittle. By forming a customs union they could, however, reap some of the benefits of closer union without having to renounce their right to self-determination.

A customs union can be the product of an act of union, as was the case in the United States, in Canada, Australia and South Africa. Or it can be established by treaties which leave intact the political status of the contracting parties, as was the case with the German customs union, the Zollverein. The disappearance of customs barriers between two countries enlarges the economic territory across which goods can move freely. It widens markets and makes for a better division of labour. These benefits are very great when the partners are more or less complementary, some concentrating on industry, others on agriculture, as was the case during the first twenty-five years of the Austro-Hungarian Compromise. Where the partners are competitive, the advantages of an enlarged market

may not be immediately visible. In the long run it will favour the best managed concerns and permit their expansion at the expense of weaker rivals, who will either have to improve their methods or go out of business. Location and size of plants will change, farm production will be re-orientated, labour will be differently distributed. The efficiency of the joint economy will increase, but individuals may suffer considerable losses during the period of transition. The union will probably be less dependent on foreign supplies and foreign markets, provided each partner can raise a surplus of certain goods beyond his own needs and sell them to his associates. The union's weight in international commercial relations will be enhanced; it will be far less dependent on them, both as consumer and producer. While the establishment of a wider free trade area may be all to the good, the new joint tariff may weigh more heavily on foreign goods than earlier separate tariffs have done. World trade may be diminished and reduced imports may in their turn contract exports.

Yet the drawbacks may be set off by an increased overall purchasing power of the union, though even when the total imports are not lowered their composition may be altered. In a customs union arranged under a political union free movement of goods is usually accompanied by free migration and freedom of enterprise for all union citizens. But this freedom is seldom quite complete. Even in the United States certain states have managed to interfere fairly successfully with the movements of particular goods; for instance, they protect the market from the infiltration of commodities supposed to be infested with insect pests which may or may not be prevalent in the state the goods come from.

## 2

The German Zollverein (1833-1871) and the customs union between Austria and Hungary (1867-1918) have been the best known types of modern customs unions.

Until 1867 the German Zollverein was a purely economic arrangement. All its members, it is true, belonged to the Germanic Confederation, but not all the members of the Confederation had joined the Zollverein. Austria was excluded. On the

other hand, Prussia's eastern provinces, which were not part of the Germanic Confederation, were included in the Zollverein. Both the German Zollverein (from 1833 to 1867) and the Austro-Hungarian customs union were based on treaties between sovereign states; the members of the German Zollverein were so sovereign that they could engage in a war with each other (1866) which—unlike the American war between the States—was not a rebellion.

At more or less regular intervals the governments of the Zollverein countries sent delegates to a General Congress at which tariffs and tariff changes were discussed. These delegates acted on instructions; they had equal rights and more or less equal votes. Their decisions had to be unanimous; a single government could veto a proposal. But for Prussia's overwhelming strength and her readiness to buy off smaller opponents by granting them a special allowance out of her own share of the customs revenues, deadlocks would have been frequent. Even so the Zollverein passed through recurrent crises, for every member was free to give notice and to withdraw from it. Prussia, for her part, used this right very effectively to hold the union together through threats of dissolution.

After 1867 the structure of the Zollverein was completely changed. The northern states founded with Prussia the North German Federation, which was both a political and a customs union. Tariff questions were, however, reserved to a special customs union, formed by treaties between the Federation and the three southern states. The old General Congress was replaced by a Federal Customs Council, a body with fifty-eight votes, of which Prussia controlled seventeen and Bavaria six; the other states were represented in accordance with their political importance. Unanimity was no longer required; decisions were taken by simple majorities. Tariff changes had, moreover, to be approved by a popular vote. For this purpose the members of the North German Diet were joined by eighty-five deputies from the southern states, elected for three years on the same manhood franchise as their northern colleagues. Together they formed the Customs Parliament which had to pass all changes in the tariffs. The North German Federation was a permanent union; the Zollverein was not. The southern states retained their full sovereignty; they could give notice and

withdraw. This provisional situation lasted for four years, until the southern states joined the North German Federation and the new German Reich, which was both a political and a customs union and not subject to regularly recurring treaty negotiations.

The fact that members of a customs union can retain their sovereignty has appealed to many observers who recognise the difficulties of the immediate sacrifice of sovereignty necessary in a complete union; they see in a Zollverein the first step towards fuller union. The German Zollverein undoubtedly moved in this direction; the Austrian-Hungarian Compromise did not. Once or twice, moreover, the close connection between economic and political federation has caused trouble. The negotiations for a customs union between Belgium and France (1839) and between Austria and Germany (1931) were held up by outside intervention, because they seemed to deprive the weaker partner of a sovereignty guaranteed to it by international treaties.

Economic and political unity are, however, by no means always inter-dependent. The British Commonwealth of Free Nations is not a customs union, notwithstanding its preferential system, and partnership in a customs union did not, as we have seen, prevent the members of the German Zollverein from going to war in 1866. Economic interests, in fact, are frequently centrifugal. Both Czech and Hungarian nationalists worked, for economic reasons, against the continuation of the Habsburg Monarchy. Economic discontent played a very great part in the dissatisfaction of the Southern States which finally led to the American Civil War.

The great success of the German Zollverein has somewhat misled peoples' views about customs unions. Before its foundation the territory of the Germanic Confederation was divided between thirty-eight states, only one of which, Austria, was both compact and large. Her great rival Prussia was split into two, and Hanover into three, parts; Bavaria had an outlying dependency in the Palatinate; the tiny territories of the smaller states were cut into shreds enclosed by other states. All these states and statelets were sovereign and raised their own customs revenues. Foreign trade had to cross a number of customs-barriers and was heavily burdened by transit duties,

payable at every frontier, which hit the inland states particularly hard. The abolition of these obstacles to normal intercourse conferred benefits on all partners such as no other customs union could ever hope to achieve. It made possible, moreover, joint enterprises—interstate roads, for example—and fixed relations between the several currencies circulating in the Confederation. The Zollverein gave to a nation split by purely artificial dynastic barriers a national territory, if not a national constitution.

The disappearance of internal tariffs did not result in the formation of a uniform nation-wide price level, for the high costs of land transport in those days had found expression in a system of connected, but staggered, local prices; there was ample room for local discrepancies and no need for sudden violent adjustments. Today national price levels vary considerably. The hope of separating them more or less effectively from the world market was one of the main reasons for breaking away from the Gold Standard and adopting exchange control. In these circumstances a scrapping of tariff obstacles would result in ill-assorted, uneven national price levels. One can hardly assume that the inflow of cheap goods into high-price areas would rapidly reduce the latter's costs, or that the outflow from those areas would immediately cause a corresponding rise in them, so leading to a uniform federalised price and cost level. No doubt something of this sort is bound to happen ultimately, since costs of transport are today only to a limited degree protective. But the shock to high-cost countries would be severe; they would have to pay a heavy price for adjustment. To avoid severe social consequences they would claim and receive compensation at the expense of their low-cost partners. This might well turn the customs union into a relatively high-cost producer, and reduce its purchasing power on world markets.<sup>1</sup>

When the Zollverein and the Austro-Hungarian customs union were founded their members were just crossing the threshold of modern capitalism. The disappearance of internal barriers enlarged their markets and speeded up the pace of industrialisation. In Western Europe equally striking results cannot be expected, since progress has already gone very far. It is much more difficult to unite fully matured, complex

<sup>1</sup> The Schuman pact envisages such arrangements.

industrial societies than countries with a relatively simple economic structure, in which industrial and agrarian interests may complement one another. The futile negotiations over a customs union between Austria-Hungary and Germany during the first world war (1916-17) showed this very clearly.

## 3

A continental customs union can hardly come about automatically as the result of political union. It must precede it. It would have to be like the German Zollverein, based on treaties between states which retain their political sovereignty.

None of the artificial obstacles which held up the development of the German states before the Zollverein bars commercial intercourse between Western European countries. Before 1914 only France was a high-tariff country. The territories of almost all these countries were, and are, adequate for large-scale development. Both Great Britain and France, with metropolitan populations of fifty and forty million respectively, still control vast empires and are quite big enough as markets and producers. Belgium and Holland are in a less favourable position, especially as the latter's wealth has been greatly impaired by events in Indonesia. But only Luxembourg is too small a unit to stand by herself; she has always been affiliated to one of her neighbours. Belgium, the Netherlands and Luxembourg are trying to establish a wider customs union—the Benelux union; they have not been able to accomplish it as rapidly as they expected. Past commercial relations between Britain and France and the Benelux countries have been fairly intimate, yet each partner's share in the trade of the others has been modest. In 1946 Belgium's exports to Britain and France amounted to six milliard francs out of a total of 30 milliard; four and a half milliard went to the Netherlands. Out of Belgian imports valued at 53 milliard francs 16½ milliard came from Britain and France and three milliard from the Netherlands. Out of French imports totalling 234 milliard francs 35 milliard came from Britain and Belgium, and of French exports to a value of 100 milliard francs a little over 40 milliard went to those countries. Of British exports of a total value of £900,000,000 only £92,000,000 went to France, Belgium and the Nether-

lands, and of imports valued at £1,300,000,000 these countries together provided only £45,000,000. A removal of trade barriers would no doubt considerably improve commercial intercourse between these countries, though they are complementary only to a limited extent. In the heavy industries France and Germany are to some extent complementary, and Italy has a surplus of manpower which she could make available to less crowded partners. With additional manpower and privileged markets France could easily expand her agricultural production

The picture of a European market of 270 million people is, however, badly out of focus. A market represents demand; insufficient demand is a severe handicap when productive capacity is in excess of available purchasing power. These conditions prevail in periods of redundancy; they do not exist in present-day Europe. She still suffers from inadequate production, and has not yet got rid of the hangover from inflation which represents excessive purchasing power. With the exception of a few countries like Switzerland, which possesses but limited domestic markets, Europe is consuming more than she produces. Her markets at home and abroad are large enough to permit of full operation of all plants, including sub-marginal producers, at top speed, for the world's need for goods remains to a considerable extent unsatisfied and effective demand still runs ahead of supply. The formation of a customs union in Western Europe would enable its members to switch over from a competitive to a sheltered market; it would not automatically increase output, though earlier customs unions did so. Their members were under-developed countries and the creation of an enlarged protected market stimulated industrial expansion.

Inter-European trade has rapidly increased since 1947—imports from 32 per cent to 41 per cent of Europe's total purchases, and exports from 45 per cent to 50 per cent of Europe's total sales. This development has been greatly aided by the "liberalisation" of inter-European commodity exchanges and has been accompanied by a rise in output amounting to 31 milliard dollars. It would never have taken place but for the generous contribution of 11 milliard dollars by the United States. Yet European economies remain deficit economies; they do not yet balance, not because they have no



markets—Switzerland's example shows that plainly enough—but because they have not enough goods to sell on existing markets. They can recover equilibrium only by a severe reduction of their standards of living, or by increased production and productivity. Scrapping all obstacles to inter-European trade would help, provided no attempt was made to contract output by monopoly prices or by cartels—the name, of course, would be carefully avoided—in order to make possible the survival of sub-marginal national plants. The basic food deficit of Europe might be reduced, but she would remain dependent on many foodstuffs and raw materials from overseas. A large part of these imports would have to come from foreign countries, even allowing for intensive co-operation with overseas Dominions and dependencies.

The dollar gap had been temporarily closed, mainly by the rise in price of colonial products bought by the United States from Europe's dependencies. Rearmament has again opened it. It is benefiting colonial areas at the expense of their masters; yet there may be some scope for immediate co-operation. Many colonial products enjoy preferential treatment on metropolitan markets. These preferences could be extended to all European dependencies on all European markets, and heavier duties maintained on outside products. Again, the preferential treatment which each metropolis enjoys in some dependencies might be offered to those European associates who benefit from similar privileges in their own possessions. One might thus establish the skeleton of a colonial customs union. A greater co-ordination of colonial and metropolitan trade might follow in the wake of such measures. From a wider point of view they might, perhaps, not be desirable, especially as their efficiency is limited. For a large part of the undeveloped regions of Africa is subject to the régime of the Open Door, and ought to remain so in the interest of its inhabitants. But they offer great opportunities to European co-operation, in as much as their development depends on capital outlay. At present the capital surplus available to European countries is very restricted; a common development policy might avoid overlapping—it is much more promising than tinkering with tariffs. It presupposes, however, a far-reaching mutual adjustment of native policies, transportation, taxation and public works. As the political frontiers

imposed by the partition of Africa have been purely arbitrary, their partial obliteration would benefit everybody. The economic unification of Western Europe might paradoxically advance most rapidly in Central Africa.<sup>1</sup>

Today, however, tariffs play but a minor role as obstacles to international trade; since the great crisis of the late twenties and early thirties the economic relations between nations have not been obstructed by tariffs so much as by licences, quotas, barter arrangements, bilateral trade agreements, bulk buying, and crude and arbitrary import cuts. The Smoot-Hawley Tariff Act (1930) of the United States and the British Tariff of 1931 were the last thoroughly destructive tariff measures. Yet these devices for throttling the trade of nations were relatively mild. They have nearly everywhere been replaced by rigid systems of exchange control which enable governments to stop imports altogether, or to switch them from one purveyor to another by refusing or granting exchange for purchases; they need not go to the trouble of making a tariff. They can similarly determine the direction of their own exports by giving or withholding permission to sell them against a particular currency. The planned economies which use these instruments of discrimination do not need the blunt tools of preferential tariff schedules.

All Western European countries have nowadays more or less planned economies and more or less strict exchange controls. As long as these controls are rigidly enforced, a customs union would make no sense. There is no object in scrapping obstacles to the sale of goods and services and then arbitrarily holding up payment for them. The prerequisite of a customs union is free convertibility of the would-be members' currencies at stable rates. In the absence of stable rates a customs union would soon break down. By devaluation a member might hold up imports from his associates, dump exports on them, or freeze payments due to them. Prospective partners need not have the same currencies, but their currencies ought to be convertible. This happens to be the case in the sterling area. Each member has its own currency and its own tariff system; each does a good deal of bulk buying and selling, but money and capital circulate

<sup>1</sup> The hitherto abortive attempts at federating the Rhodesias and Nyasaland show the difficulties inherent in such schemes.

freely among them. Their intercourse would be greatly hampered if their several currencies could be arbitrarily blocked. Before a customs union can be formed with the hope of permanent success, free convertibility among its members must be firmly established. This will contribute to the disappearance of tariff obstacles; it is implied in the structure of the European Payments Union. It must in any case precede such disappearance.

Britain does not want to join a European customs union at the price of breaking her economic links with the Commonwealth. The Commonwealth is not a customs union. The economic ties which hold it together are very loose preferential agreements. It has hitherto been a permanently incipient economic union, and it is doubtful whether it can ever be turned into a genuine customs union. It is a maritime agglomeration of sovereign states—no tunnel can be built to connect its parts; no ferry can be profitably run to avoid the costs of loading and unloading of bulky mass goods. In the absence of all-embracing contiguous frontiers a customs union among its members would have to be of a unique character, even if all members adopted the same tariff.

Owing to this insular character and the scattered locations of the partners, Great Britain is in a position to join a Western customs union without having to leave her Commonwealth associates. Commerce between Great Britain, France, the Benelux countries and other associates could be made duty free; duties on non-metropolitan Commonwealth goods could be levied by Britain's continental partners; *vice versa*, the overseas members of the Commonwealth could tax goods arriving from the Continent at higher rates than those originating in Britain. The free admittance of Western European goods to the British market would reduce the benefits hitherto enjoyed by privileged overseas partners. A tripartite tariff in Great Britain would minimise this loss. Continental goods could come in free; Commonwealth goods would pay low duties and foreign goods would be admitted at higher rates. The continental countries for their part could freely admit British goods, raise low duties on Commonwealth goods—though higher than those on goods coming from their own dominions or dependencies—and levy even heavier rates on goods originating in outside countries.

The Commonwealth Dominions could admit British goods on most-favoured-nation terms; goods from the continental union, its associates and dependencies, at higher rates; and outside goods under even less advantageous conditions. An arrangement of this sort is feasible; it would be rather complicated, and it might even not be desirable.<sup>1</sup>

The United States object to discriminatory preferential systems. They recognise the right of a mother country to give and take preference in her colonies. Once colonies become states, they ought, in the opinion of Americans, either to join the mother country in a full customs union, or establish a non-discriminating tariff system of their own; they ought not to "indent" it by preferences for the mother country. The United States tacitly assume that the metropolis imposes preferential duties on its partners in order to exploit them. This was true under the old colonial system. It is so no longer. Of late the Dominions have induced the mother country to adopt discrimination. Seen from this point of view, the demand for the abolition of preferential duties affects the recently won sovereignty of the Dominions; they were entitled to grant and to receive preference as long as they were but semi-independent; now that their full independence has been recognised they would lose this right.

It is most unlikely that the British preferential duty system will ever be turned into a genuine customs union—though attempts to do so go back at least to 1887. But there is no reason to deny to contiguous states like those of mid-Europe the right to develop a preferential system among themselves as a half-way house to a fuller customs union. It has been done in the past. The Zollverein and Austria conceded each other preferential treatment (1853) as a first step to a customs union, which was to follow by 1860. It never materialised, mainly because Austria's currency collapsed. Some of the O.E.E.C. countries are proposing plans of this sort. They are of the opinion that paragraph 15 of the Havana Charter distinctly permits such arrangements.

At present the issue of Dominion preference is somewhat

<sup>1</sup> The Canadian tariff of 1907 levied preferential rates on British goods, intermediate rates on goods from favoured countries, and general rates on goods coming from all other countries.

unreal. The most important Dominion, Canada, is a hard currency country, and as such not a member of the sterling area; economically she is outside the orbit of the Commonwealth. Her most important transactions with the metropolis are not carried out on the basis of preferential duties, but by bulk buying. It has happened not infrequently that Great Britain, wanting to save dollars, has gone out of her way to buy goods outside the Empire—from Russia, for example—leaving Canada with surplus produce on her hands, a move which does not help either European Union or the Commonwealth.

## 4

The formation of a customs union has everywhere involved long spun out negotiations over financial issues. The partners had to turn the customs revenues they had hitherto retained into a common pool, and naturally attempted to get as large a share as possible from it. They had, moreover, to adjust their excise to a sort of common denominator, which necessitated a good many complicated adjustments. In the Bismarckian Empire, for example, special concessions for the taxation of beer had to be made to Bavaria. These issues could be much more easily tackled in relatively undeveloped countries where taxes were neither very heavy, nor economic structures very complicated, and where the role of the State played in production and distribution was fairly modest. Today all European countries have a planned economy. Some of them would like to get rid of it. Labour in Great Britain imagines that more planning may be needed to cover up the failure of plans hitherto pursued. Nearly everywhere important industries like railways, coal and iron are nationalised. Taxation is very heavy, and the methods of raising revenue, especially from indirect taxation, vary considerably. The part tariffs play in the fiscal policies of the several European countries differs greatly—even under the assumption that there is free convertibility of currencies. While a customs union would have to provide the same tariff régime for all members, their several governments would try and pursue a separate national planning policy, provided such policies were not co-ordinated by the customs union treaty. It would not be

easy to draft a treaty providing for the co-ordination of all national planning policies. Even conversion of all partners to a Socialist régime would not overcome the difficulties. Brands of Socialism vary, as British Labourites rightly pointed out when they described their own "planning cum muddle" régime as "Methodist Socialism", in contrast to continental Marxist Socialism. All Socialist systems, however, strengthen the national character of government by giving it wider powers over the nation, which will make it less rather than more inclined to give up important particles of sovereignty.

A transfer of all planning to a federal government would, of course, solve these problems. It presumes a readiness on the part of each member to accept the blue-prints of a federal planning board, on which it cannot have a majority, and to submit to their enforcement, even if it does not approve them. This in its turn presupposes the presence of a highly centralised supreme political power behind the federal planning board of the type established in Russia by the Communist Party through the Politburo, which is immune to local pressure from below. This centralised power ensures the enforcement of the master plan for the U.S.S.R., drafted by a planning board to which all members of the federation are subject, even those, who, like the Ukraine and White Russia, are permitted to disport their sovereignty in U.N. by spouting vituperations at capitalist imperialism, either in unison with, or separately from, the predominant partner. This central board deals with all industries of prime importance (including agriculture). No member republic and not even the two pseudo-sovereign states are free to draft their own plans for key industries or agriculture, and to co-ordinate them, if it suits them, with those of the union. They merely collaborate in the execution of central plans which are imposed on the regions over which they claim sovereignty. They can draw independent plans only for local industries. Given the political premises of the Soviet State, this is as it ought to be. But the drawing up of independent plans by half a dozen or more completely sovereign Western European bodies would probably combine the drawbacks of monopoly with those of competition. It is politically impossible. It would so strengthen the power of the member states that joint plans could hardly be agreed upon, since a discontented

associate would exercise the right of secession which the constitution would have given it.

Control and co-ordination, however, are not identical. Under the conditions prevailing today in world economics production and consumption programmes are inevitable. But there is an important difference; programmes are tentative estimates, whose authors accept the uncertainty of human forecasts. There is nothing in them of the cocksure arrogance of planners who assume the identity of intention and accomplishment. There will have to be a good deal of co-ordination and co-operation in Western Europe and outside it. We are approaching the stage of permanent inter-state economic organisations. Yet it is clear that, for the time being, there will not be a Western European Zollverein, and there need not be one. Essential economic co-ordination will have to be achieved without it. When currencies are once more stable, and are no longer barriers to the flow of goods, when problems caused by scarcity have given way to those caused by plenty, a new situation will have arisen.

## CHAPTER IX

# THE TWO GERMANIES

### I

UNLIKE the partition of India, or even of Ireland, the partition of Germany was not the inevitable outcome of internal tension. It was the outcome of an arbitrary policy, the authors of which did not foresee the consequences. It tore asunder a nation which ardently desired to remain united.

Eastern Germany today is a budding Soviet republic. The Russians have established five *Länder* governments in their zone, formed according to customary Soviet patterns. They started originally as coalition governments dominated by the S.E.P. (*Socialistische Einheits Partei*), that well-known mortar in which naive or ambitious left wing Socialists are pounded into Communists. In 1949, as a countermove to the foundation of the German Federal Republic, the five *Länder* were united in the semi-sovietised East German Democratic Republic. In anticipation the Russians had already semi-sovietised the social structure of their zone. About 7,000 large estates (over 250 acres each) with about eight million acres were confiscated without compensation; five million acres were distributed to 200,000 agricultural labourers with an average of nineteen acres each, and about 190,000 allotments with less than two and a half acres were established. The several governments retained two million acres and transferred them to an agricultural trust run by the Economic Commission (D.W.K.) of the Eastern zone. These, "estates owned by the people" are an imitation of Russia's State-owned agricultural trusts. They have a right of pre-emption of land, and are thus systematically enlarged. A "Peasants' Mutual Aid Society" (V.d.G.B.) has been established which is developing a kind of coercive co-operatives—there are about 5,000 of them by now. It has gained control of many villages that depend on centrally owned tractors—the peasants had few horses or oxen left—and it is becoming a large owner of land; in Mecklenburg alone it owns



between 150,000 and 200,000 acres. Many small settlers had neither the knowledge nor the means to run their farms successfully, and have relinquished them; the Peasants' Mutual Aid Society is buying them up. Besides farms it owns by now hundreds of distilleries, brick works, mills and conservatories which had been attached to or connected with large estates. This agrarian revolution after the early Russian pattern has gone very far, but production results are rather poor and many of the tractors have been allowed to rust. The flight from the farms—according to a recent estimate 700,000 acres have been deserted—and the disappointing output of many holdings may lead by and by to "collectivisation". It is fairly easy in regions where large estates prevailed.

The industrial revolution has been hardly less radical. By the end of 1946 plants situated in the Russian zone with a capital value of 45 per cent of the whole had been removed; over 220 large concerns had been confiscated, of which 74 were returned to the German *Länder* governments. But 126 were turned into 30 Soviet-owned corporations. Three years later 12 per cent of all enterprises in the Soviet zone had been nationalised; in the mining and metal industries the percentage was almost seventy. These nationalised plants now produce about 70 per cent of the whole zone's industrial output and employ about 1,200,000 workers. About 3,000 nationalised establishments remained in the hands of the German authorities. Semi-sovietised Eastern Germany is contributing high-class industrial products to the Soviet economy. Since 1945 the Soviet zone and East Berlin have furnished industrial goods to Russia and her satellites by way of reparations to the value of approximately 6.5 milliard marks (at the prices of 1944); goods which are paid for are not included in this sum. For the year 1949-50, 25 per cent of the Eastern zone's total output was earmarked for reparations.<sup>1</sup>

<sup>1</sup> The Soviets, in a letter to the democratic East German Republic, have valued their takings at 3.658 milliard dollars; they still claim a right to a total of 10 milliard dollars. Owing to their friendship with the East German Republic, they are releasing half of the outstanding 6.342 milliard dollars, and will be content with receiving 3.171 milliard, spread over the next fifteen years (1951-1965). It is, however, assumed that Russia actually removed equipment to the value of seven milliard dollars up to 1947, and two milliard more since, besides 1.7 milliard dollars from current production. The very low figure given by the Russians is due in part to valuation at the price prevailing in 1936. But a good deal is explained by the fact that plants were removed and dropped by the wayside, and thus became

The partition of Germany was not to be permanent. It was a temporary administrative arrangement which enabled Russia to squeeze reparations from current production in flat contradiction to the Potsdam agreement. She turned the flow of production away from the Western zones, knowing very well that disturbances must arise when a highly industrialised region is deprived of its regular supplies of goods and cut off from its customary markets. The flight before the Russian armies from East Germany and the transplantations from the satellite states drove eight million refugees into the Western zones. It was difficult to integrate them in the social system of the densely populated West, which the war had severely shaken. The Soviets knew, too, that Western Germany had not been self-supporting; it could not, they thought, be turned into a viable separate state. When the foundations of a Soviet republic had been firmly laid in the Eastern zone, its government would clamour for reunion. By that time, the Soviets hoped, disorganisation and discontent in the Western zones would be far advanced. A large proportion of their people would be ready to listen to the gospel of Communism propagated by their thoroughly indoctrinated fellow-citizens from the East German Soviet paradise. The mere fact that the Western Allies consistently demanded immediate reunion seemed to justify these expectations.

Germany's industrial strength lies in the Ruhr, the geographical centre of the entire Western European coal and steel industries. Its fullest activity is indispensable to Western Europe's complete economic recovery. Its collaboration with the adjoining industrial areas of France, Luxembourg, Belgium and Holland would provide Western Europe with an industrial war potential inferior only to that of the United States. It could easily be turned into an arsenal of democracy. The Soviets, always thinking of war and feverishly engaged in building up their own war potential by sponsoring (among other enterprises) a kind of eastern Ruhr in the corner where Upper Silesia, Poland and Czechoslovakia meet, could not

valueless. The latest German calculation is that the Eastern zone paid about 10.7 milliard dollars. Twenty-three not very important plants have lately been returned to Eastern German governments; they are valued at 290,000,000 East German marks—which is certainly not high. All figures dealing with the Russian zone are at best approximate.

afford to leave the control of the Ruhr with the capitalist Powers. They made German nationalists in the zone clamour for reunion; Russia had deeply disappointed them by forcing the Eastern German People's Republic to recognise the Oder-Neisse line as a guarantee of peace. It is not easy, even for Communists, to satisfy both Polish and German nationalism. There is little love for Russia in Germany's Eastern zone. Its Russian masters cannot even claim gratitude for having liberated it, as they do in Czechoslovakia and Poland. A large percentage of the zonal population, about 3,500,000 out of 18,000,000, are refugees or deportees. Many of the residents have seen rape, loot, plunder and starvation on a colossal scale. Apart from a relatively small number of fanatical devotees, the ever present train of camp followers and a few stooges, nobody in the Eastern zone truly cares for Russia—not even the proletarian farmers whom the Soviets have settled on stolen land.

The cultural roots of German life did not dry up under Nazi rule. Though thousands and thousands were drawn away from the creeds of their fathers, a new religious faith arose amongst those who refused to accept the travesties of Nazi-Christianity. During the interregnum—this should be the label affixed to the Nazi period of illegality and lawlessness—the members of the Confessional Church showed a spirit of independence in strong contrast to the somewhat tepid and State-serving attitude which seems to have characterised German Protestantism far too frequently. The homeland of the Lutheran creed is in the Russian zone. Its survival there is of the utmost importance to its adherents in the West. But it is far more vulnerable than its Roman Catholic rival. It is not like the latter, a world power. Its ministers have been trained to consider themselves servants of the State. Quite a number of them do not object to an absolutist government, provided that government does not interfere with the spiritual liberty of their flocks. With a little tact the Eastern German Government could soothe their fears; and as the pastors have always been paid by the Government and not by the congregation, there is indeed grave danger that some of the younger men who managed to get along with the Nazis might try to do the same with the Communists. In the near future resistance will not collapse. But time is not on its

side; it may be slow in healing wounds, but it quickly disposes of the sufferers. A new generation is growing up which knows little of past values. Modern youth is nowhere inclined to look back with nostalgic yearning to a past which is no part of its experience; it stands always in some sort of opposition to its parents. It is nowhere willing to remain on the lowest rungs of the ladder and wait patiently until an earlier generation is willing to withdraw into old-age-pensiondom. The more collectivised a society, the greater the number of government jobs which it can offer, and the smaller the chance of rising above the common level except by entering the bureaucratic hierarchy. Thus the struggle between the generations has been greatly embittered of late. On the one hand the chances of advancing outside the queue are relatively reduced, even in countries where private initiative has not yet been abolished. On the other hand longevity has increased, and there are many more old people who block the ascent of the young than formerly; they remain fit and cling to their jobs for far more years than their predecessors.

Communism cannot abolish the struggle of the generations, even when it has abolished the class struggle, but it can take youth's side. It can easily make the young believe that they hold the golden keys of a glorious future. They naturally prefer building a new world with their own hands to inheriting an old one from their parents. They love to be made much of, to be put into smart uniforms, and to be given adventurous missions. The young are cruel, because they know little of suffering and usually lack sympathetic imagination; the urge to wield arbitrary power over others is strong in them, especially when they have been trained in callousness and self-inflation by Nazis and Communists. They are uncritical. They can easily be made to chant slogans of peace while being taught the rudiments of war and can be trained to knock anybody on the head who does not believe in their peculiar methods of peaceful co-operation. Whether or not Hitler is dead does not matter; in the Eastern zone the spirit of his brown-shirted hordes is being resurrected in Stalin's blue shirts, the main difference being that the Russians have a better eye for colour than the unsuccessful painter from Braunau. Today the chances that these young bloods will smash Western Europe are not very

great; but one should not forget that Hitler's first attempt in Munich was a ludicrous failure. Ten years later he was in control of Germany. None of the East German leaders who has hitherto emerged possesses the diabolical genius of Adolf Hitler, but the strength of the disgruntled groups who managed to bring Hitler to the top—mainly because he had friends among those who ought to have defended the Republic—was not on a level with the massive support of the Soviets. It may not take ten years before Eastern Germany is at least superficially sovietised. The leaders of the resistance will either be squeezed out or sent to Siberia.

## 2

The plan agreed upon at Potsdam to rule Germany by a Four Power Control Council as an economic unit was probably the most ambitious, not to say presumptuous, political scheme ever undertaken. Four Powers divided by irreconcilable ideological conflicts into an Eastern and a Western group set out to reshape the political, economic and social structure of a people who had in the near past been their equal, if not their superior, in many fields of human endeavour. They planned to give this people a new outlook on life, though each group denounced the ways of its partners. It is customary to blame Soviet Russia for the failure of Potsdam. There is hardly any justification for this reproach. Russia behaved all the time as one must have expected her to do, but it pleased the Western Allies, especially the United States, deliberately to deceive themselves. The assumption that Soviet Russia was prepared to teach the Germans the brand of democracy that the Western Powers believed in was confuted by all available facts. It was fictitious, irrational, and almost dishonest. Nazism and Bolshevism, not Western and Russian democracy, were brothers under their skins. The failure of the Potsdam agreement was evident as soon as it had been signed—it took the Western Allies' statesmen nearly two years before they openly recognised this.

Modern Germany has never been self-sufficient, and after the crisis of 1931 she was never solvent. She had managed to balance her payments with foreign countries only by defaulting on a large part of the £1.2 milliard debts which she had

contracted after 1924. She had added new debts by getting commodities from abroad, to be paid for in German goods which were never delivered. But the use which she had made of her industrial war potential had been very effective.

War potential consists of: (1) manpower; (2) natural resources, both foodstuffs and raw materials, especially key materials for the armament industries; and (3) manufacturing plants of the most varied types, equipped with modern tools whereby raw materials can be processed, and which can be quickly turned to armament production. Germany was well provided with manpower. Yet her pre-war population of 65 million was 23 million below the combined population (88 million) of metropolitan France and the United Kingdom. Even after the incorporation of Austria ( $6\frac{1}{2}$  million), and the Sudeten Germans ( $4\frac{1}{2}$  million) the manpower of France and Great Britain was at least 10 million greater than that of Germany. Germany was probably better equipped with modern machinery and more efficiently organised than either France or Great Britain. In the Ruhr the output per manshift had risen from 0.946 tons of coal (1925) to 1.547 tons (1938), as compared with a rise from 0.915 to 1.160 tons in Great Britain.

But in the second constituent of war potential, raw materials, Germany was weak. Germany's population depended on imported foodstuffs for 17 per cent of its consumption, and German industries could not have functioned without large imports of raw materials. Apart from coal and potash Germany had no adequate quantities of essential raw materials at her disposal. She had no oil, no rubber, very little copper, no nickel, no alloys. The working of her iron and steel industries was based on an influx of foreign ores. Of Western Germany's consumption of 34 million tons of iron ores about 23 million tons had to be imported. Her maximum coal output before the war was 163 million tons, while Great Britain and France combined produced over 330 million; Great Britain's and France's combined maximum steel production of 22.9 million tons exceeded Germany's 20.7 million tons. The output of electricity of Western Germany was 32 million kilowatt hours, that of Great Britain and France together not quite 42 million. In these circumstances Allied control of key imports could have

easily prevented Germany's illegal rearmament.<sup>1</sup> Her industrial position became dominant only through her political and military successes in the early years of the second world war, which concentrated Europe's iron and steel industry, with the exception of that of Britain, Spain and Sweden, in her hands. The pact with Russia was to have made her invulnerable to a blockade by the maritime Powers. But though Germany's pre-war economy was, in fact, extremely vulnerable since it depended on a regular supply of foreign key materials, the Allies in 1945 decided on its mutilation in order to secure permanent peace.

Indemnities have always served a double purpose: to compensate the victor for the expense incurred in defeating the vanquished, and to weaken the vanquished sufficiently to make his comeback as a redoubtable adversary very difficult. The Potsdam agreement concentrated first and foremost on the latter objective; it made indemnities dependent on the removal of German industrial capital equipment and on the confiscation of German assets.

For the sake of security Germany's resources were to be reduced to a degree which would never again permit her to accumulate adequate reserves in any form for waging war. The territory east of the Oder-Neisse line was provisionally given to Poland—a loss of one-fifth of Germany's agricultural lands (East Prussia was definitely annexed). The Saar, with an output of two million tons of steel, was integrated economically into France. The remnant was split into two sections for reparations purposes; in defiance of the agreement Russia deliberately kept her zone apart. Trade between the two halves had been round about a milliard dollars both ways. By 1950 the yearly imports of the Western zones, including West Berlin, averaged about 81 million dollars, and exports to the Eastern zones about 78 million dollars. Commerce with the Polish area has almost ceased. This area had formerly provided an agricultural surplus of about \$270,000,000 a year, which had

<sup>1</sup> A United States military enquiry, based on German records, has come to the conclusion that "Germany's actual armament performance achieved by September 1939 is not too impressive. She had almost no reserve stocks of ammunition and equipment". Economically Hitler was not prepared for the new kind of war he had to fight, the war of attrition which had replaced the war of the Blitzkrieg. In the words of an expert commentator, "Germany won her initial victories with a production output smaller than the production of her opponents."

come to the West; today this surplus has shrunk to about \$13,000,000. For the first half of 1951 imports from all East European countries reached \$47,000,000, and exports to them about \$80,000,000.

Through flight and expulsion from the east the Western population has increased from 39,500,000 to 47,500,000, of whom 7,500,000 are refugees from the east or deportees from the satellite countries; and 1,250,000 have come from the Russian zone—an illegal influx of about 700,000 people is not included in these figures. The structure of the population has changed for the worse. The proportion of men between twenty and forty years old has fallen from 19.4 per cent to 14 per cent; that of women has risen from 19.9 per cent to 21.2 per cent. The density of population to the square mile of agricultural land has risen from 572 to 650.

The original plan for reducing Germany's industrial potential by destroying or removing plants was to be applied to an economically united Germany. It was assumed that Germany was over-industrialised, and that her manufacturing plants could safely be reduced to 75 per cent of the 1936 level. The plan had not taken into account the huge shifting of populations, Russia's defection and the food crisis of 1946-7. These enforced a modification as early as August 1947, when the limit was raised to equal the 1936 output. The number of factories to be removed was reduced from 1,800 to 858. Steel production, which had originally been limited to 5,000,000 tons, was raised to 11,100,000. Eighteen months later the United States induced their allies to take off another 158 plants from removals, and in November 1949 the Petersberg agreement limited the total number to 680 (or 38 per cent of the original schedule), having a reparations value of \$147,000,000; of the 1,198,000 tons removed, 989,000 came from the British zone. These removals were meant to hold down production permanently to a low level—dismantled plants were not to be replaced without a permit. A ceiling limited output of certain industries—steel and aluminium, for example; in the case of the former, until recently, to 11,100,000 tons. Other plants such as shipyards and synthetic oil distilleries were not allowed to operate until lately; these prohibitions were but grudgingly lifted. The entire German merchant marine, with a reparations value of



\$43,000,000, was taken over; all German investments in Allied and neutral countries, to a reparations value of \$293,000,000, were confiscated. The net proceeds of all these operations reached only \$517,000,000—at present-day prices perhaps a milliard dollars, or one-fifth of the sum Germany paid in the first two years after Versailles. Even so, the United States had to spend nearly three and a half milliard dollars on assistance to Germany between August 1945 and December 1949, to prevent Germany's complete collapse; the British contributed another half milliard. Germany's industrial losses were, of course, very much greater than the Allies' gains. The productive capacity of the Western zones (RM 18 milliard in 1936) was reduced by RM 1.32 milliard or, taking war losses into account, by about 6 per cent. (In the Eastern zone, where industries had not suffered much from the war, 45 per cent of the plants were removed). Germany was deprived of going concerns, and the Allies frequently got mere scrap, the utilisation of which was expensive.

The Allies were not content with quantitative regulation of German production. They attempted to organise her agrarian and industrial build-up in accordance with their own conceptions and misconceptions. In the nick of time they launched a currency reform which saved the country from complete social disintegration. It was imposed by unimaginative American doctrinaires who evidently did not care much about its social implications. It reduced all savings, all bonds, all debts and mortgages, and in fact all intangible property, by 92.5 per cent. The reform has gone very far to destroying the middle classes, who had already undergone a similar victimisation twenty-three years earlier. It has split the nation into haves and have-nots, the "haves" being the owners of physical property. The Allies, having shied at the task, imposed the duty of passing a compensation law on the German Government. The damage, estimated at 40 milliard dollars, can hardly be mended.

Allied propaganda saw in Hitler the exponent of landlordism and industrial monopolism; the Potsdam agreement insisted on the destruction of this economic power. The several German governments had to pass agrarian reform laws, but the scope for cutting up large estates in the Western zones was very limited. Of two million farms, with a total of 33,700,000 acres,

only 3,000, or four per cent of all farmland, are above 250 acres; the average size of a large estate is 470 acres. The subdivision of large estates might provide a selected number of eastern immigrants with new holdings; the formation of 35,000 holdings and 65,000 allotments has been proposed, but there is certainly not enough land available for the settlement of all eastern farmers. It is more than doubtful whether splitting up large estates into smaller units will increase total output; it may very easily reduce the food supply of the urban populations. In any case, the pastoralisation of Germany is out of the question. The country can provide only from 60 to 70 per cent of its food-stuffs.

The part which combines and cartels played in pre-war Germany was hardly beneficial. They did not, however, as the Allies imagined, control Hitler, though some of their representatives flourished under the régime; it used the cartels for its own purposes as administrative units. In the early days of the Weimar Republic the industrial magnates had occasionally played a sinister part. They put pressure on governments, not through the cartels but through their trade associations. The shortsightedness of their leaders had led them into the 1931 crisis, and they had become dependent on Government support. Under the Potsdam agreement the Allies insisted on breaking up these concerns. The huge combines in the heavy industries were dismembered and coal and steel were separated, though their reintegration is now permitted as economic considerations make this desirable. The greatest wrath of the Allies was directed against the dyestuff trust, which was a genuine trust not unlike, though smaller than, some of the earlier United States organisations. The banking system, too, was broken up and replaced by a cumbersome reorganisation which applied American methods to non-American conditions. All this is now being slowly undone. The Schuman plan, in particular, is proposing the largest and least hampered congeries of cartels which ever existed. A great deal of Allied and German energy which should have gone into production has thus been wasted.

The United States wanted to establish a number of independent, privately-owned competing concerns. The British desired nationalisation of the heavy industries, nationalisation being an

article of faith in that early phase of Socialist fervour which the British have revelled in with the youthful enthusiasm of inexperienced beginners, but which the Germans have long ago outgrown. Whatever the merits of nationalisation, it certainly does not destroy "excessive economic power", and it has not yet been proved that governments will use excessive economic power more wisely than private entrepreneurs.<sup>1</sup> In fact, the power of private concerns can be checked by governments, but government monopolies seem to stand above the law. The two Allied Governments finally reached a compromise: the type of ownership was to be determined by the German Government—a decision to which the French objected, and which was one of the motives for their launching the Schuman plan.

Many of these measures may well prove to have been beneficent, but they callously ignored the rights of private property owners. The Allies apparently acted on the assumption that mines, rolling mills and banks were the exclusive property of a few more or less criminal magnates who had been directing Nazi policies. Yet only a very few of the large concerns were family properties; in most cases ownership was widely scattered; the dyestuff trust, for example, was owned by approximately 300,000 shareholders. These bondholders and shareholders were temporarily expropriated without due process of law, since trading in their securities was prohibited.

This system of destructive planning, intended to keep German production at a level so low that no resources would be available for rearmament, was reinforced by financial measures. The costs of the Western Allies' occupation imposed on the country amounted to over a milliard dollars a year and are now rising to nearly two milliard; this represents nearly 25 per cent of all public expenditure. Western Germany's total losses from the war and from Allied policies can scarcely be expressed in trustworthy figures. The Federal Government estimates war destruction of houses, etc., for which it is willing to consider compensation at seven milliard dollars, the property left behind by refugees and deportees at six milliard dollars, and the losses from currency reform at forty milliard dollars. The shock sustained by the German economy easily explains why the

<sup>1</sup> The example of the Anglo-Iranian Oil Company seems to bear this out; 51 per cent of the capital belongs to the British Government, a fact rarely mentioned by the late Labour Government.

index of production in June 1948 stood only a little above 50 per cent of that of 1936.

The currency reform, though quite ruthless, put a stop to the country's rapidly proceeding social and economic disintegration. By January 1949 the index of production had gone up to 78, and by December 1951 to 139. The number of employed had grown from 13,468,000 in July 1948 to 14,885,000 in September 1951. Daily coal production had risen from 234,700 tons (average, 1949) to 470,000 tons in 1950; the output of rolling mills had been raised from 453,000 tons in January 1949 to 787,000 tons in December 1951. The cost of living index had declined from 159 (July 1948) to 148 (September 1950). Imports had expanded from \$757,600,000 for the second half of 1948 to two milliard dollars (1949) and just over 2.7 milliard in 1950. Exports during the same period have gone up from \$366,900,000 to 1.03 milliard dollars (1949) and 1.98 milliard (1950). Though exports have risen more rapidly than imports, Germany has remained a deficit economy. Of 1949's two milliard dollar imports very nearly half represented advances, mainly American. The Korean war interrupted the upward trend. Germany is beset by two problems the solution of which is beyond her powers: unemployment and lack of capital.

Unemployment rose from 450,000 in June 1948 to about 2,000,000 early in 1950. In October it fell to 1,217,000; in August 1951 it was back to 1,259,000 after having reached 1,780,000. It is partly due to the large number of unemployable—invalids and the huge influx of refugees, amongst whom women, children and old men prevail; there is an excess of 3,000,000 women in the Western zones—and partly to lack of capital. The eight million immigrants have converged on the less industrialised border *Länder*—Schleswig-Holstein, Lower Saxony and Bavaria—and their transfer to the more industrialised areas is not easy, mainly on account of the housing shortage; the flight from the east continues. Capital is scarce; discount rates vary between 8 and 10½ per cent. Incomes are low and private savings quite inadequate, though they have risen since 1948 from DM one and a half milliard to DM four milliard. The creation of purchasing power by a little homeopathic inflation would defeat itself, since every rise in prices contracts

the people's purchasing power and reduces their savings. ~~They~~ like their British colleagues, the German workers distinguish between physical scarcity and monetary inflation. They know that cheap money can anticipate and facilitate the formation of physical capital, but that it is no substitute for it. The banks' scope for creating capital by cheap money is limited, though circulation (cash and bank money) has steadily risen from DM 17 milliard (1949) to DM 27 milliard (July 1951). It is out of the question for the German people to save out of their incomes enough capital for their re-equipment; business concerns cannot plough back enough and the Government cannot do it through taxation. Coal-mining requires a great deal of capital for housing additional workers and for modernisation in order to increase output. It cannot be accumulated since controlled prices are low. Many German plants, especially rolling mills, are obsolescent. The steel industry needs at least \$750,000,000 to maintain its output of eleven million tons. Germany needs a regular influx of business capital and if possible, an efflux of emigrants. She cannot get this without political and economic security. Until the negotiations over repayment of American financial aid and for the settlement of pre-war debts of over 5 milliard dollars (about 1.5 milliard being pre-war debts) are concluded even short credit transactions are difficult. Though both total output and exports have, until lately, developed very favourably, after a temporary setback in the autumn of 1950, they are now being restricted by internal bottlenecks and an external rise in prices.

## 3

In these circumstances the answer to the question whether or not Germany is viable is not easy. "Viability" would indicate a standard of living high enough, or at least rising quickly enough, to make Western Germany visibly more prosperous than Eastern Germany and therefore immune to Communist propaganda. Whether or not it can be reached depends in the first instance on the solution of political and military issues. Until Germany either needs no defence because Russian aggression is definitely receding, or is protected by an adequate defence screen, sufficient capital will not be available, and her steady

recovery cannot be assured until the many shackles which hamper her economic activities have been taken off. The fact that Germany has apparently made good the damage done by removals to her industrial productive capacity, as exemplified by the rise in the capital goods production index to 62.7 per cent (October 1951) above the 1936 level, may show the futility of the removals plan. But France remains obsessed by fear of Germany's industrial potential.<sup>1</sup> She is inclined to explain her defeats at the hands of the Germans by their industrial rather than their military superiority. France has been seeking security by a contraction of German manufacturing power and by making German industrial resources subservient to French industrial needs. But nature has been unkind to France. The great coalfields from which cokeable coal can be won are in German hands and cannot be removed. France owns, it is true, by far the greater share of western continental iron ores. But these ores are poor; the only large market accessible to them is that of Germany.

Economic restriction will not completely disappear until the economics of fear hitherto practised by France become pointless through the integration of Western Germany within a larger European economic framework. But such integration—whatever its form—does not ensure Germany's viability. It is by no means certain that a European union can compensate her for the loss of territory to Poland and Russia, the contraction of her commerce with Russia and the satellites, and the transformation of an unhampered exchange between her Western and Eastern zones into a limited foreign trade subject to all sorts of arbitrary interventions. Her rapidly increasing production must provide for a population standing at about 20 per cent above pre-war level, and renovate a badly damaged—and to a large extent obsolescent—production apparatus. Western Germany is, moreover, tied spiritually and economically to Western Berlin—the beleaguered yet morally the strongest bastion of the West—and at the same time separated geographically from it. Notwithstanding the stupendous energy by which this almost dead city has become the most alive centre on the Continent, its economic survival depends—like that of Western Germany—on the most intense co-operation of the entire Western World, and not merely on a fusion with her continental neighbours.

## CHAPTER X

# THE DEFENCE OF EUROPE

### I

THE United States initiated discussion of a federated Europe in 1947. They wanted Europe to profit from their experience and pushed the constitutional issue to the foreground. Ever since a lively debate has been going on, which culminated at the two Strasbourg meetings of the Council of Europe in 1949 and 1950.

The need for greater union arises from two separate though connected perils. On the one hand Soviet Russia cannot be deterred from acts of aggression unless the states of Western Europe pool their forces for common defence. On the other hand, nearly all West European countries are deficit countries whose economic equilibrium has been temporarily restored by the United States and Canada. When Marshall Aid comes to an end they may not be able to maintain it.

Two widely opposed concepts dominated these discussions; one originally represented by public opinion in the United States, but adopted by many Europeans, especially the French; the other held by many varieties of people conversant with European types of federation. The American view is decidedly universalist, and at the same time monist. It assumes, more or less naively, that institutions which are good enough for the United States are good enough for the rest of mankind, and that the road which the United States took one hundred and seventy-five years ago is the road along which all humanity must travel if it wants to establish a sane, safe and stable democracy. A missionary urge, strongly streaked with generosity, impels the citizens of the United States of America to believe that Europeans will accept from them constitutions and institutions as gratefully and universally as they accept Marshall Aid.

European views, on the other hand, are particularist. They accept, and even advocate, the doctrine that all men are born

equal, but they know that they are not all born at the same time or in the same place. They recognise the divergencies of the several European peoples as permanent features of their lives. They consider them valuable in as much as they have determined national languages, national creeds, national arts and literature, and they do not want to lose them. They do not look forward to a future in which Dante and Cervantes, Molière and Goethe—and even Shakespeare—would survive only in Basic English translations. They do not wish to sacrifice nationality because nationalism has often gone wrong. They do not desire to give up self-determination because sovereignty has frequently been overstrained. They call for greater union, not because they mean to wipe out Europe's several national individualities, but because they want to make them safe.

A second dissidence is due to different national concepts of a constitution. Plantations and settlement colonies are "made societies"; they have been established by members of a metropolitan country, usually with the aid of its government. Their constitution, often a written one, has given a particular shape to the body-politic it comprises. The nation is the work of the constitution, it is an artefact. This certainly is the case of the United States. But this concept is somewhat mechanical. It assumes that any social body pressed into a particular constitutional mould will fill it satisfactorily, and will more or less resemble other bodies clothed in similar constitutional garments. The history of Latin America, many of whose peoples adopted the United States federal constitution with slight variations, shows the fallacy of this view. The other view, which might be called British, sees in a constitution the shell of a society; it brings out its natural shape, it does not form it; it grows, it is not made. It is a skin, not a garment which can be ordered from a firm of constitutional tailors. It is organic, not mechanical. It stands at the end of a process of growth, not at the beginning. The European nations are mature; they must coalesce by a natural process, and this process consists in parallelising their functions and establishing identical, if not joint, institutions. In the debates the "constitutionalists" have been far more go-ahead than the "functionalists". In Mr. Churchill they have found a leader who can invest a political proposal with the glamour of an ideology. His opponents,



especially the representatives of British Labour, have been pedestrian and negative. But events have been even stronger than arguments.

Hand in hand with Russia, the Western Allies had broken up the Reich, and had solemnly abolished the State of Prussia—there was not much need for doing so as far as the Western Allies were concerned, for apart from a few smallish enclaves on the Lower Rhine and in Westphalia Western Germany contained no part of the genuine old Prussia. The provinces of Schleswig-Holstein, Hanover, Hesse-Nassau, and most of the Rhineland and of Westphalia had been acquired after the Napoleonic wars, or even as recently as 1866. The Western Allies had divided their zones into eleven *Länder*—some of them have by this time been amalgamated—and had made these *Länder* establish democratic governments. The growth of the Russian menace or, perhaps better said, a clearer perception of what Russia stood for, made them realise that the barriers which for centuries had protected Europe's eastern frontier had been deliberately broken. A loose agglomeration of nine more or less unimportant semi-states, some of them artificial, was all that was left. Russia encircled and split Berlin; her advanced posts in Eastern Germany stood at some points barely a hundred miles from the Rhine. Three years after having destroyed historic Germany, the Allies had to build a new Germany.

They decided on the establishment of a Western German Federal Republic, and asked the eleven *Länder* to frame a federal constitution. The Socialists, probably at that time the strongest German party, objected. A democratic constitution ordered by a military government was incongruous; they suggested an administrative statute organising a central governing authority. They gave in, however, and after lengthy deliberations and sharp altercations between federalists and unitarians, in which the several Allied Governments often intervened, a German federal constitution emerged and was accepted by the Allies. It was followed by an Occupation Statute which replaced military government by a High Commission, whose rights were no longer all-embracing but left a certain amount of self-government—not self-determination—to the new German parliamentary government. The new Federal Republic was not sovereign. Its powers were more

restricted than those of a Canadian province or an Australian state. The exercise of sovereignty and control was in the hands of the three High Commissioners as representatives of the three Western Governments. A kind of dyarchy was established. It delegated its right of supervision of Germany's economic activities to the Ruhr Authority, on which Germany was represented as a permanent minority. An Allied military security board watched over armament issues. Thus a kind of "hobbled" democracy was created. The dyarchy in which it is embodied is rapidly disintegrating; a first revision of the Occupation Statute has taken place.

Russia had attempted to hold up the formation of the Republic by the abortive blockade of Berlin. She was defeated by the close co-operation between the Western Allies, the people of Berlin and the Western Germans. By way of retort Russia set up a German People's Democratic Republic in her zone. Its spokesmen clamour for speedy reunion of the two Germanies which, according to their slogan, is being prevented by Anglo-American imperialism. They have with Russia's help organised a well-armed *Volkspolizei* which might be quite ready to re-establish unity by a raid on the Western zones, were Russia to give the word. A few years after the Western Allies had done their best to make Western Germany incapable of waging war, she is exposed to an invasion which she has no means of warding off. The Allies have turned her into a kind of protectorate, the protection of which is a heavy strain on their resources.

## 2

The military elimination of Germany had made France the natural European centre of resistance to Russian aggression. But the French Army was not equal to that task. It lacked up-to-date equipment—this could be provided by the United States—and its reorganisation was incomplete. The Army had been rendered particularly vulnerable by the elimination of a large number of "Vichy" officers, whose replacement was difficult. The French, moreover, are no longer a martial people. Outside a small group of professionals they want security and little else. The days when a brilliant young Frenchman could write that other nations made war for material objects, but the

French made war for war's sake, have gone for good. France's limited military strength is, moreover, greatly taxed by the defence of her colonial possessions. She is obsessed by the fear of Germany's military resurrection. Yet if Germany remains unarmed, France will have to defend her, not merely on the banks of the Rhine, but also on the western border of the East German Soviet Republic. Otherwise Germany may be overrun and her reunion may be brought about under Russian tutelage. The French Communists are quite prepared to see Germany reunited under Russian leadership; but they sabotage all French defence efforts and will do nothing to secure the friendship and the safety of a non-Communist Western German neighbour.

France is thus faced by an apparently insoluble dilemma. She must either, on the one hand, play the major part in the defence of Western Europe, which must take in at least all Germany west of the Elbe (quite a large part of the Federal Republic lies beyond the Elbe and in many places the Russian zone stretches westward far beyond that river); France is scarcely able or willing to undertake that task, even when supported by the United States and the other members of the Atlantic Pact. Or, on the other hand, France must accept the active co-operation of Germany in the defence of the West—and without rearmament of some sort that co-operation is not worth having. Thus both the economic and the political viability of Germany require a complete reversal of the policy laid down at Potsdam. The United States' crusade for closer union seemed to offer a way out. It appealed to France's imagination as well as to her narrow national statecraft. The members of a West European federation would have to sacrifice part of their sovereignty for the benefit of a joint body. That joint body would control foreign affairs and defence. After a transitional period the Germans would be admitted as fully qualified and equal members—but they would represent a minority which could be outvoted if need be.

Their entry into a Western European federation would signify the end of the Franco-German conflict, which has kept Western Europe in turmoil since the duel between the Habsburgs and the Bourbons began after Charles V had united the crowns of Spain and Burgundy with those of his Habsburg

possessions and of the Holy Roman Empire of the German nation. On the part of France this call for union implies a tacit renunciation of her claim to the ascendancy on the Continent which she exercised before 1871. Resentment over this loss of ascendancy inspired her policy during the rest of the century. It might have been less acute if victorious Germany had been wise enough to refrain from annexing Alsace-Lorraine in 1871, for this kept alive France's feeling of humiliation. She attempted to retrieve her lost position by means of alliances in two wars, and she failed. By now she has learnt that she may be able to beat down her terrible neighbour with the help of her allies, but only after her own land has been overrun and devastated. She is realising that she cannot hold down Germany by force over a lengthy period without preventing Europe's recovery. This renunciation of a great tradition has all the glamour of a generous abdication made for the common good; but it contains a dangerous element. France is seeking to accomplish by association what she failed to achieve by domination. She is ready to enter a union with the unspoken object of outvoting a dangerous partner; she is building a house which may one day become divided against itself.

While the French seek security in union, the Germans seek equality. The romantic aspect of a Franco-German union, which the Low Countries and Italy are now willing to join, attracts the Germans even more strongly than the French. They have never been able to discipline their imagination, and have an ineradicable tendency to mix up facts and figments. Some see in closer European co-operation a kind of renaissance of the Carolingian Empire, which broke in two eleven hundred years ago. The material benefits Germany expects from closer union are very great, but so are the sacrifices. She will be freed from the shackles which fetter her in every direction. She will no longer be the pariah of nations. She will be a near equal if not an equal, and she will be defended by the joint strength of the Western Allies. But she has to pay a very heavy price for these blessings. Her intimate association with the West almost automatically involves her temporary separation from her kith and kin in Eastern Germany. It accelerates the integration of Eastern Germany into the Soviet system. What six years ago was only a tangle of barbed wire will split a hitherto

united people into two states; if the cleavage lasts long enough, they may have little in common but their language, and each of them will even interpret their common past in different terms. By joining the West, Western Germany is of her own free will widening the rift. Yet she realises that for the present she must sacrifice German unity to European union, this being in her own eyes the one and only way to German reunion one day. She must be ready to share in a fight in which she will not only, like the other members of Western Europe, meet alien aggressors, but first and foremost her own people. In a third world war Germany will be the main European battlefield—either Western or Eastern Germany or both; it would be a German civil war, directed by Moscow. Yet Western Germany has no choice. Her return to the comity of nations depends on membership of a united Europe. And only an overwhelmingly strong united Europe can deter aggression. Without union she is not safe; without her participation Western Europe cannot be strong.

It was difficult for the Allies, and particularly for the French, to rid themselves completely from suspicion. So the Germans had to accept the Ruhr Authority, which took the distribution of coal and steel out of their hands, even though they were represented on it. In return they were granted concessions on removals and prohibitions, and admitted as associate members of the Council of Europe. They were finally offered the Schuman plan, which was to guarantee peace to Western Europe by eliminating France's fear of renewed German industrial ascendancy. Its enthusiastic reception by many Germans seemed to be proof of Franco-German reconciliation. But when the Korean war made the United States clamour for adequate German military participation France again became a prey to fear. She was worried lest a German contingent—even if it was not dressed up as a national army—might one day make common cause with Russia, as General York did in 1812 when the Prussian corps attached to the *Grande Armée* went over to the Russians against the will of its King; and she points to the Rapallo Treaty, when Germany seemed to make common cause with the Bolsheviks against the West. Yet these changes of front could never have taken place but for a community of interests between the contracting parties.

The Rapallo Treaty was the outcome of an intrigue which the German Government greatly deplored. It would never have been signed had the Russians not been able to suggest to some leading Germans that Russia and Germany must stand together, since both were exploited by the West.<sup>1</sup> York's Convention of Tauroggen was the reaction against Napoleonic despotism released by his defeat in Russia. There is little chance of a community of interests between Western Germany and Soviet Russia. A Western Germany treated fairly by the Allies has no cause to break away from a partnership of equals and throw herself into the arms of the Bolsheviks.

But fear has many facets; it sees danger both in a potential German-Russian rapprochement and in an acute German-Russian conflict. One of these days, these apostles of fear argue, Western Germany will feel strong enough to stage an invasion of Eastern Germany and thus provoke a third world war. But this could not happen against the will of Eastern Germany, for the Germans do not want to fight a civil war. Nor would a prosperous Western Germany start such a risky undertaking without at least the tacit consent of her Western European associates. It would be safe only if Russia's hold on the satellites was to be broken and there was a chance of reintegrating them with the West.

## 3

Europe's foremost task is adequate preparation for defence. Joint defence is not a novel problem. European governments have solved it in the past by contracting defensive alliances; under their terms each partner retained control of his own armed forces in his own hands, and was at liberty to decide whether or not the *casus foederis* had arisen. General staffs used sometimes to meet and elaborate joint plans of campaign, in which the roles members were expected to play were discussed and distributed. When war broke out, frictions were bound to occur, especially when plans went wrong, and when responsibility for a particular failure could be charged to an unfortunate ally. But the system worked fairly well. Nearly all major

<sup>1</sup> I have told those parts of the story of the Rapallo Treaty of which I was an eye-witness in *Wandering Scholar*, pp. 268-271.

European wars during the last one hundred and fifty years have been wars of coalitions. In both world wars military necessities taught both sides the need for a supreme command; in each theatre of war leadership had to be entrusted to a single national commander. In the second world war France's early collapse put an end to Anglo-French collaboration, but Anglo-American co-operation was very close; thanks to the wisdom of the leading statesmen and the tact of most soldiers on the staffs and in the field, there were hardly any tragic hitches. In fact, military co-operation on the highest level between Great Britain and the United States was probably less disturbed by professional jealousies than the relations between the army and the navy of the United States. Genuine co-operation between Russia and the Western Allies was of course non-existent; Russia neither trusted them nor took much trouble to be trusted.

Today Russia, a huge unitary state which has full control over all the resources of a number of adjacent nations, is confronting the Western European states, all of which are too weak to stand up singly against her. A military alliance of the old style becomes truly effective only after war has broken out; it is no longer adequate. War has undergone the same transmutation as the world's economic system. The same roundabout process turns out war equipment and civilian goods. In both cases output depends on an adequate industrial potential. This potential cannot be improvised, and it takes a long time before switching over from peace to war production gives satisfactory results. War consumption, moreover, is so high that even the largest stockpiles and reserves are rapidly used up. Modern armies can no longer depend on previously accumulated stores and stocks; they must get equipment recurrently from rapidly increasing production. Wars nowadays can be won on the battlefield only after victory in the production sheds has been assured. This change implies intensive pre-war co-operation on the part of a coalition faced, not by another ~~coalition~~, but by a totalitarian super-state which may strike without previous warning. Plans of campaign for united armies and a unified command in the field are not enough; there has to be a division of labour between the allies in respect of industrial and agricultural war potential, and at the same time a good deal of mutual intercalation. This intimate functional co-

ordination need not be preceded by structural constitutional integration—as has been done in the past in the case of relatively undeveloped states. Fully mature states which are politically self-sufficient can reverse the process; in their case closer structural union may follow efficient, intimate functional interdigitation.

The Brussels pact (17th March 1948) inaugurated a re-integration of Europe. It was a treaty of alliance for fifty years between the Benelux countries, France and Great Britain. Though it was concluded nearly eight months after Russia had broken with the West over Marshall Aid, its specific purpose was to take the necessary steps “in the event of a renewal by Germany of a policy of aggression”. The treaty was thus already a little out of focus when it was signed. It contained a number of novel features. It envisaged elimination of economic conflicts between the partners, the co-ordination of their production, and the development of trade between them. It aimed at social progress on co-ordinated lines and at a better cultural understanding. It suggested the accession of other states at the invitation of the contracting parties. A consultative council of the five Foreign Ministers was established, which was to meet at least once a quarter in one of the members’ capitals. A secretariat and a permanent committee of diplomatic representatives domiciled in London were attached to it. The five Defence Ministers were to meet regularly in London, where a Chiefs of Staff committee as well as a permanent military committee were organised. In October 1948, a kind of joint Western European General Staff, under the chairmanship of Lord Montgomery, was established at Fontainebleau, and entrusted with the planning of the defence of Western Europe, and with arranging for co-ordinated preparation and potential action. No attempt to create a Western Union army was made. All armies remained national. Nor were the foreign policies of the partners properly integrated; they were neither unified nor uniform. Serious divisions of opinion arose occasionally and a compromise had to be agreed upon, which was by no means always very satisfactory.

A union of defence forces implies a common procurement policy and a joint armament programme. Such a programme is bound to exercise a profound influence on the economic and



financial structure of the members; it implies the placing of army contracts and the locating of armament factories, over both the national and (apart from Luxembourg) the colonial and imperial territories of the partners. It involves the raising of additional revenue and the allocation of financial sacrifices and financial resources. It was the impact of modern war on finance, consumption and output, and not the teachings of philosophers, which foisted a so-called planned economy on nearly every country; it has caused security to replace plenty as the main aim of national policy, plenty being denounced partly from fear of a glut later on, but partly, too, because it seemed unattainable. Armaments are an exceptionally unproductive type of public works; they do not increase a member's national wealth; they may even upset a sound economy by over-developing structural industries. But they can bring about the integration and co-ordination of key industries between allied nations much more rapidly than a customs union, and can lead to closer inter-independence between partners than even a thoroughly centralised international cartel could do. In a joint rearmament programme, however, the location of individual plants would be decided by strategic rather than by purely economic considerations. The former dominate the latter and may occasionally result in overlapping. For a Union member may be of the opinion that reliance on the supply of particular weapons from an associate is too risky on account of the exposed geographical position of this associate. It may, therefore, itself continue certain production, even though this implies costly duplications. The burden of armaments would thus be considerably enhanced.

The Western Union countries were not over keen on prejudicing their economic recovery by expensive defence measures. They were more or less over-employed, and had been able to maintain their standard of living only by the succour of the United States. They had created the machinery for a joint defence force in the Brussels pact, and had provided it with a General Staff and a Commander-in-Chief, but they did not do much to increase the strength of the several national armies of which it was to be composed. This was not due to the absence of a more formal "union" or to the lack of a co-operative spirit. What happened was that none of the members of the union was

sufficiently impressed with the nearness of the danger to undergo the strain of rearmament. It is more than doubtful whether the situation would have been more favourable had the defence estimates had to be passed by a Union parliament. The willingness to make sacrifices would not have been greater than in the national parliaments, and the distribution of the burdens between the several members and the groups of taxpayers in each country would have been even more difficult. Fortunately, the United States appreciated the difficulties and stepped in. By concluding the North Atlantic Pact (4th April 1949) with Canada, Great Britain, France, the Benelux countries, Italy, Portugal, Iceland, Denmark and Norway, the United States were buttressing the European Defence Union. The object of the Atlantic Pact is to "assist the party or parties so attacked by taking forthwith, individually, and in concert with other parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area". It is a military alliance, somewhat less tightly knit than former European alliances, for the United States Congress is unwilling to see the country automatically involved in war. It will retain in its own hands the decision whether or not the United States should go to war.

Pledging themselves to "maintain their individual collective capacity to resist armed attacks", the signatories retained their separate armies, but were ready to form a kind of armament production pool. A defence committee and council on which all members were represented were established. The pact covers the territories of the signatories in Europe and North America, the North Atlantic islands and Algeria—but not the colonies. By setting aside 1,100 milliard dollars under the Mutual Defence Assistance Act (6th October 1949) for armament and military supplies, the United States were relieving the pressure on European industries, and at the same time enforcing uniform types of weapons on the participants. The presence of the United States armies of occupation in Germany, Austria and Trieste is proof that America's immediate co-operation is not a mere conditional promise, but will be given automatically when an act of aggression takes place in regions where these armies are entrenched.

The Atlantic Defence Union is a combination of the five

original Western Union countries and two American Powers, which five other European countries, all members of the Council of Europe, have joined. Two separate detailed defence agreements have been concluded between the United States and Greece and Turkey, who after some delay were admitted to full membership.

## 4

Military plans for the defence of Europe which do not include Western Germany are unrealistic; they are like a performance of *Hamlet* in which the Prince is not allowed to act. First and foremost, the two Germanies separate Western Europe from the Soviet Empire. The valley of Armageddon lies somewhere between the Rhine and the Vistula. The country which controls Germany's manpower and economic resources controls Europe. The Western Allies have condoned their reduction through the expansion of Poland, and have let the eastern half of the remnant pass under Russian domination. Yet the military and economic potentials of Western Germany are large enough to frighten Russia, provided they are being developed in the interest of Western defence; but the Western Powers have been held back by fear of a recrudescence of German nationalism. They have unwittingly done their best to keep a resentful nationalism alive. It flourishes in every nation which has been partitioned against its will, or which is subject to alien rule. Why should it be absent in a mutilated, partitioned Germany which has for years been under a military government whose main task has been to hold up the development of the country? The Western Allies condoned the expulsion of millions of people from their homelands, often under scandalous conditions. They treated every professional officer as a potential criminal and indiscriminately held up all pensions due to them or to their widows or orphans. Small wonder that ~~some~~ ex-officers would, no doubt, like nothing better than some sort of revenge, to begin with re-militarisation on the pattern of the Eastern zone. They do not want to fight this zone, they want to be united with it. The West, they feel, has bespattered and defamed their profession, but since the surrender at Stalingrad Russia has wooed them. Why should men who have

no property to lose recoil from a social order in which nobody has property, and where those who serve well are paid well?

To footloose men, the typical mercenaries who fight for fighting's sake and who flocked full of joy to the Nazi standards, the West has nothing to offer, even after they have been denazified, are emerging from detention camps, and are permitted to operate as crossing-sweepers. The Russians in their zone do not mind a black past; it can easily be painted red. It is not astonishing that some ex-generals, colonels and majors who no longer hold any command tour the land trying to find groups and parties whom they can once more inflame. They will serve anybody who puts a sword in their hands, and they hear from the East that the Russians are very generous in this respect. The generals who pushed the Rapallo Treaty saw in Russia a fellow sufferer from Western commercialism; they hoped to win an ally against oppression and exploitation. They did not worry much over the Russian social system, for they felt strong enough to keep it within its national boundaries. They were, moreover, not property-minded, many of them being the impecunious scions of small landless gentry. They had no doctrinal objections to a social system which reflected the principles of army government and applied them to an entire society. Their successors have not yet learnt that history never repeats itself, not even when similar circumstances seem to press for similar solutions. For a present-day Rapallo would not be a mutual assistance pact between two defeated nations, but the entry of Western Germany under Russian domination. Professional soldiers might not object to German National Communism; they do not want Germany to become a satellite of Moscow.

The German masses are today hardly as nationalist in an emotional way as the people of the United States, who can rarely open a club meeting without passionately saluting the flag. They are far less tied up with the State than the British, since they have long ago outgrown the belief that nationalism, making all essential economic activities and disregarding other nations' economic interests makes for peace and prosperity. They are now as anti-militarist as most Americans and most Britons. They fight shy of rearmament for fear of provoking a Russian invasion before a German army is ready to strike. Rearmament

of Germany, they argue, can proceed only behind the shelter of Allied forces strong enough to deter Russia from interfering with it. But their objection to rearmament is not merely for temporary reasons. By now German youth loathes conscription. Opposition to it has always been far stronger than is generally recognised; even in Bismarck's day nearly all great struggles centred round the Army estimates: the Reichstag attempted to keep them down and to get complete control over military affairs. Conscription became popular only after the first world war when the Versailles treaty had prohibited it, and when its reintroduction formed part of a programme of full equality. Today the German people have had their fill of militarism; they have learnt that war does not pay—certainly not when one loses it. For eighty years they had supported the army and its leaders because it had given them unity and protected their homeland. It had lost the first world war but had prevented invasion. This time, however, the army had failed; it had let the people down. It had not kept the enemy away from the Fatherland; the great sacrifices which the nation had had to make were in vain. Today the people are not looking to a defeated Field-Marshal as their saviour, as they did in 1925 when they chose Hindenburg for President—one may recall to one's memory that he would not have been elected had the Communists voted for his opponent in the second ballot.

The alternative to conscription is a voluntary regular—the Germans call it *mercenary*—army, such as the Allies imposed on the Weimar Republic against German and French expert advice. It was this army which, in the last resort, controlled the Weimar Republic, and whose leaders, being politically short-sighted, allowed Hitler to come to power. The Germans have forgotten a great deal of the past, but they remember this and they do not want a repetition of it.

Every German knows, moreover, that Germany would be the battlefield in a new war, no matter where the Western Allies made a stand. This being the case, some by no means negligible groups would prefer to submit without resistance to a Soviet invasion. Few Germans share the almost hysterical preoccupation with the atomic bomb prevalent in the United States; it would, they imagine, not be much worse than the air attacks which literally wiped out some German cities.

But they ask themselves whether they and their people would be better off after a Communist defeat when their country had been completely laid waste. To many of them the toll of lives which Communism would take of non-resisting common men seems light when compared with the slaughter of a war fought on their own soil. These people are not pacifists; they would be quite prepared to defend their country if they saw a chance of keeping the enemy away from it. But they would not try to hold up a Russian invasion once it had crossed the frontiers; they would proclaim non-resistance and let themselves be overrun, hoping that the Russian flood would either be turned back or would not do irreparable harm to their country.

There are other groups to whom national unity is what really matters, and to whom social systems are of secondary importance. They hope for a united Germany, even though Communist, for she would develop a national Communism of her own free from Muscovite dross. They do not in any case want to accomplish reunion by force of arms, as this means civil war. At present they want to retain contact with the Eastern zone, and by so doing to strengthen its opposition to further Sovietisation. The Eastern German Government is taking great pains to camouflage its policy; it speaks of a People's Democracy rather than of Communism. It knows that it has not yet won over the mass of the people or many of the leading men. They cannot openly resist it, but a large amount of non-co-operation is still possible. Their morale has to be sustained and, as one leader after another has had to flee to the West, that is not easy. It takes the utmost courage to hold on; without active sympathy from Western Germans it seems hardly worth while to continue the struggle. A Western Germany accepting full partnership in a Western European union and which is prepared, if not eager, to share in its military duties, seems to cut off the East and to leave it to its fate. For this reason many West Germans oppose rearmament since it must lead to greater estrangement from their Eastern German brethren. Nor do they care for too close integration in Western economics. They want to trade as much as possible with the Eastern zone, not only because they need markets and goods from it, but also because without close economic intercourse the ties between East and West may snap. Russia, in their opinion, will not go

to war, and will not let Eastern Germany go to war, with the West as long as a *modus vivendi* between the two Germanies can be found. Such a *modus vivendi* would preclude Western Germany's intimate participation in a Western Union; for it is the formation of this union which makes Russia fear a Western attack and compels her to apply aggressive methods.

These considerations have some weight with the Protestant Church. The Protestant Church is frightened of the pressure exercised on its flocks. It fears that some parish ministers may succumb to it when contacts with the West are cut. The East German Government attacks the "hierarchy", whose members it is denouncing as politicians, but is prepared to leave alone a parish minister who keeps away from politics. If a large section of Eastern Protestantism were to accept a separate status under Soviet rule the region would be lost to Western Lutheranism, the position of which would be greatly weakened. For in Western Germany Protestants are a minority, though the numbers of both creeds nearly balance. Protestantism has benefited spiritually from the Hitler persecution; the Confessional Church has won back large numbers of hitherto nominal and indifferent Protestants, yet the percentage of tepid adherents among its members is undoubtedly greater than among Roman Catholics. In a Western European Union Protestants of the German type would be a relatively small minority. Some of their radical spokesmen denounce union as an attempt of the Church to turn continental Europe into a Roman Catholic bloc.

Some of Germany's religious leaders, both Roman Catholic and Lutheran, object to rearmament because it may lead to war, and war—the taking of life, be it called just or unjust, defensive or aggressive—is to them a flat denial of Christianity's teachings. They have become conscientious objectors and almost glory in their country's defenceless position, for it gives them a chance denied to other nations to live up to the highest standards of their faith. They can save their souls, and by this very act of denouncing the use of force help to bring about the union of a divided nation. They have on this issue joined hands with some Social Democrats, reminding them of their party's old hatred of militarism, which gained them millions of votes in the days of the Bismarckian Empire. An almost fanatical

pacifist nationalism has arisen which gropes feverishly for a scheme to bring about reunion, prosperity and security without war or war-mongering preparations. Some seek it by weakening the ties binding the member states in the German Federal Republic, which they want to turn into a loose association of sovereign states. In such a federation there would be room for all types of government and for differently organised societies. Its exaggerated federalism would make joint action impossible; neither its Western neighbours nor the Soviets need be frightened of it; it would be far more innocuous than the old Germanic Confederation, two of whose members were great Powers. Needless to say, such plans emanate from Bavaria, where the desire to recover full sovereignty has always been in evidence.

A more realistic scheme has been worked out by the "Nauheimer Kreis".<sup>1</sup> Under it a peace treaty was to be signed. A year later the armies of occupation were to be withdrawn from both Germanies; Germany was to be neutralised and permanently disarmed; no German would be permitted to serve in a foreign army. Germany's neutrality was to be guaranteed by the Western Powers, Russia and U.N. United Germany would accept a Board of Supervision of the four Potsdam Powers—in place of the Occupation Statute, the Military Security Board, and the Ruhr Authority—to watch over the execution of the terms prohibiting armament manufacture and re-militarisation. A free election for all Germany would choose a Constituent Assembly to draft a constitution. Thus Germany would be reunited without war. She would become a middle kingdom whose markets would be accessible to everybody on equal terms, and which could trade freely in everybody's markets without discrimination. Instead of providing the battlefield of Europe, Germany would be the rendezvous, the mart where Eastern and Western culture could meet and mingle. Some features of the plan resemble the peace proposals of the Soviets, under which they would withdraw their armies to the friendly Slav border where they would no longer be exposed to the corroding influence of a superior Western civilisation. They would be near enough to exercise "remote control" and be at hand when their help was needed. The British and the American armies would have to go home, and the French army would leave the

<sup>1</sup> Its author is Professor Ulrich Noack of the University of Würzburg.



Rhineland. This would be the only army close enough to Germany to come to the rescue, and the Soviets have not a very high opinion of its striking power.

Western Germans were not attracted. Sovietisation of Eastern Germany had, they assumed, probably gone too far for peaceful fusion; reunion with the much stronger Western Federal Republic would intensify the Eastern resistance movement. The East German Government would be overthrown, notwithstanding its armed police. The Soviets could hardly permit its elimination, whether it were effected by a united German Republic, or by an Eastern German rising, or by the votes of the Eastern electorate. The Soviets could not let them de-nationalise the plants they have confiscated and nationalised, and from which they draw a large income. They would feel bound to support their proletarian brothers in their struggle against capitalist exploiters. They might not immediately intervene with armed force, but might prefer to abet their comrades in underground activities, or even in a civil war, by providing them with arms. They would organise risings among the unsettled elements in Western Germany who are only kept back by the strength of the existing social edifice; once it could safely be attacked, restraint would go. The thousands of Nazis who have emerged from jail or detention camps have not become sincere democrats; they have always felt that they and the Communists might one day be brothers-in-arms. Refugees who have not found a niche in the cramped and often unfriendly Federal Republic might join in the fray. So might some disgruntled officers. A Western Germany no longer closely connected with the Western Allies could easily be turned into a boiling witches' cauldron, once a Communist rising under Russian patronage had taken off the lid. A civil war might well result in Russian intervention. Without direct open Russian military invasion the Western Allies might not dare to call back their dispersed armies to protect what might seem to them a moribund capitalist order. The French might prefer to incorporate the left bank of the Rhine in the vain hope of making the river a permanent frontier. Thus neutral Germany would not be a peaceful Germany. Either it would become a united Communist Germany or there would be a third world war fought out on German soil. Although Western

Germans want both reunion and security, the latter comes first. A Western Union army which did not include a national German army would hardly be strong enough to deter an aggressive Russia, but the members of Western Union were not yet prepared to let Western Germany organise a national army. They accepted her as a partner in an enlarged Western Union constitutional organisation, but they would not put arms into the hands of her people. They had somewhat belatedly and grudgingly agreed to the establishment of a federal police to watch nation-wide Communist activities and, when necessary suppress them by force, a task which the unarmed, decentralised *Länder* police could not perform. The French still feared the transformation of this police into a militant shock group. In these circumstances a much wider framework was needed to ensure Europe's safety; the North Atlantic Treaty was providing it.

The Atlantic Treaty Powers gave themselves a concrete organisation in the North Atlantic Treaty Council; its members were their Foreign Ministers. Being overwhelmed with other business, they could not attend regularly, and by 1951 each government had appointed a deputy as its Council representative. These deputies "are in a position to ensure that the responsibilities of the Council are carried out effectively". They have appointed a permanent chairman and established a thoroughly qualified secretariat. The Council has drawn up a defence plan, has made an estimate of the forces necessary for implementing it, and has studied "the problem of adequate military forces and the necessary financial costs" as one and not as separate problems. Its object was not the creation of a specific North Atlantic army, but a proper co-ordination of defence forces "without impairing the social and economic progress" of its members. A military defence committee composed of the Defence Ministers, and usually attended by the Chiefs of Staff of the signatory nations, has been established, and a Military Production Supply Board has also been organised. The combined defence union, to use a short term, comprises an inner, purely European ring, formed hitherto by the five Western Union Powers, and a much wider North Atlantic ring, with a Near-Eastern excrescence, composed of twelve countries.

The Korean crisis enlarged and clarified the scope of the North Atlantic Defence Council's activities. At the N.A.T.O. Foreign Ministers' meeting in New York in September 1950, it was decided: (1) to organise an integrated force under the North Atlantic Council; (2) to appoint a supreme command with authority to train the national contingents as an effective force in peace as well as in war; (3) that the supreme command will be supported by an international staff, in which all contributing nations will be represented; (4) that pending the appointment of a Supreme Commander a Chief of Staff will be appointed, who will be responsible for training and organisation; (5) that the standing group of the Atlantic Treaty Powers—the United States of America, France and Britain—will be responsible for higher strategic direction. All available manpower and productive resources will be fully employed in the defence of Western Europe. In order to speed up European rearmament, the United States had drawn up a Mutual Defence Assistance programme and set aside \$5,125,000,000 for military aid, after having embarked on a gigantic rearmament scheme of their own. This programme was to be accompanied by the establishment of a Defence Production Board replacing, with much greater powers, the former Military Production and Supply Board (Brussels, 19th December 1950).

Its task was to co-ordinate the members' military production effort. The United States favoured the appointment of an economic Supreme Commander to direct the rearmament process for Europe, but though this was accepted in principle, the appointee was a co-ordinator rather than a commander. The operations of this Board, when in full swing, were bound to cut across the activities of O.E.E.C. (Organisation for European Economic Co-operation) which has attempted to co-ordinate European economic policy with the help of and under pressure from the United States. The Supreme Commander, General Eisenhower, was appointed in 1950.

~~The~~ The execution of this plan would provide an army composed of rapidly increasing national contingents of all the participants, trained, equipped and commanded as a whole. It would be an army for Europe rather than a *European* army, its strongest contributor in manpower and equipment being the United States of America. There is so much more vigour—and infinitely

more political power—behind the North Atlantic Treaty than behind the Brussels Pact that the integration of the latter's military organisation was a matter of course. Its elimination very clearly indicates the weakness of the main argument for European Union: that without close federation and the resulting disappearance of separate state sovereignties the defence of the West could not be undertaken. The North Atlantic Treaty is a partnership between sovereign states. Its functions do not depend on previous constitutional changes. There is no common constitution, neither a loose one of the type of the old Germanic Confederation, which left sovereign rights to member-states, nor a tighter one like that of the United States of America. The partnership will, no doubt, be subjected to heavy strains—there are groups in the United States who might be willing to see it dissolved, partly because they imagine that they would be actually safer by writing off Europe, and partly because they still hope to remedy the tragic failures of United States policy in the Far East by concentrating their strength in that region. But the strains are hardly more severe than those which are taking place over foreign affairs in the British and French Parliaments and in the American Congress. At the present time the absence of a European parliament may be all to the good. A debate in it on foreign affairs and rearmament might easily shake European unity of purpose. For it would not have to deal with innocuous blueprints, as do the spirited discussions in Strasbourg, but with immediate military and political risks and with the distribution of defence costs between national and social groups of electors. Possibly, too, the present partnership may be dissolved when the danger has passed. Would union remain were that to happen within a relatively short time? Nobody can answer this question.

The union issue was once more pushed to the front by France's attitude towards German rearmament. In the wake of events in Korea the United States' insistence on adequate contributions by the European Powers towards the defence of Europe had made it quite clear that this implied the participation of Germany. Now Western Germany was an international anomaly. The powers retained by the High Commission still went far beyond those exercised in protectorates. Western Germany was a member of Western Union but was not one of

the North Atlantic Treaty Powers. *Yet she was asked to provide a sizeable contribution to North Atlantic defence.* Not only would she be the battlefield in case of war (since the Allied forces up to now available could scarcely contain Russia within the frontiers of Eastern Germany), but the ensuing struggle would be a fratricidal conflict between the two Germanies. It is quite understandable why there was so little enthusiasm for rearmament in Germany. Public opinion, moreover, objected to the incongruity of conferring the responsibilities and obligations of statehood on a people while withholding from it its basic rights. An army is the strong arm of a state; a state which is not allowed to have an army is not a full or equal state. To make a people organise an army without having the slightest control over it—to involve it in a war which it is not in a position to avoid, since it has none of the means for doing so—is, to say the least, illogical. A sovereign German state which can join the North Atlantic Treaty Powers should precede the creation of a German army; only a sovereign state can accept the limitations on sovereignty which past fears must inevitably impose on Germany. But so long as there is no peace treaty sovereignty cannot easily be restored to Germany, and there are a great many legal obstacles to making a peace treaty with what is, after all, only a fragment, though the most important one, of pre-war Germany. The United States were evidently prepared to get over, or round, these difficulties and to let Germany participate in the military organisation of N.A.T.O. and provide a German contingent. The French objected. They did not want a German army—a German contingent serving with N.A.T.O. is in their eyes an embryo national army which sooner or later will come under the control of a German government. They recognised the need for making use of German manpower, provided this manpower is not under the orders of its national government.

They proposed instead a European army in which German ~~elements~~ would be embedded in relatively small units—originally they were to be mere battalions, and have now expanded to brigades, or perhaps even divisions. These German troops, like the rest of the European army, would be under the control of a European Federal Minister of War. Germany, in other words, would be given full military sovereignty on condition

that this sovereignty is immediately transferred to a federal European authority. The French would for the time being retain either a separate national French army or some separate force under the control of the French Parliament; but France would contribute certain formations to the European army. They have not solved the legal problem. If a national German army presupposes the creation of a sovereign German State, a European army presupposes the existence of a European Union. The French are clearly bent on inverting the customary constitutional processes by organising Union services first. They imagine that the strong anti-militarist feeling which is in evidence in Germany as well as in other parts of Europe may be overcome by an appeal to European sentiment. They assume that an *Army of Europe* would draw on a common European enthusiasm, which would be lost by incorporating separate European contingents in an American-dominated *Army for Europe*. But it may well be doubted whether a love for Europe really burns brighter in the heart of a Frenchman, a Dutchman or a German than love for his native country. When Germans expressed their willingness to serve in a European, but not in a German, army, they were not renouncing German patriotism. They were merely arguing that a powerful, well-equipped European army was a better deterrent to Russian aggression than an improvised, insufficiently equipped German army, located in a very vulnerable advanced position, would be. They do not want to die for Europe; they want to live through her strength. And when the French clamour for a European army to which the Germans are admitted on more or less equal terms, they merely want to avoid the resurgence of an independent national German army. They are of opinion that control of that army by a European organisation is more reliable than control by the North Atlantic Powers, in which the United States dominate. French passion for union is no doubt sincere, but it is fed by the secret hope that within a European union the Germans will be a permanent minority which can always be outvoted. A union built in this spirit does not look very attractive.

## 6

The Soviets naturally wished to prevent the progress of the North Atlantic Treaty Organisation and especially the rearmament of Germany. They know that they have little to offer the West in a material way. They are trying to get over the visible failures of their régime in the Eastern zone by pandering to German nationalism. They pose as the advocates of German unity and denounce the Western Powers for having destroyed it. Elsewhere the greatest obstacle the Soviets have to overcome is nationalism. They have usually attempted to strangle it by extirpating the upper strata and the intellectuals who represent it. They have been able to silence it temporarily in Czechoslovakia, Poland, Hungary, Roumania and Bulgaria; they have failed so far in Yugoslavia. Titoism stands for a national Communism and a social order which may be identical with that of Soviet Russia, but is politically independent of it. The survival of Titoism might have grave, and hitherto not yet fully appreciated, spiritual consequences. It might propagate a type of Communism which would be acceptable to nations which are not prepared to be subordinated to Soviet dictatorial Communism. The Russians are very well aware of the dangers of nationalism to their policy. They do not want a world of independent Communist states, but a Russian world empire composed of integrated Soviet republics. They may learn better one of these days. In the case of Germany, however, they have so far deliberately ignored this danger. They are using the craving for unity which they have provoked by partition to make Western Germany refuse European union, suggesting that the part which Western Germany can play in a federalised Europe will be a very limited one.

They showed their hand in 1950 by asking for a Four Powers meeting, and the Western Allies responded. Had they gone to the Paris preliminary conference with an agreed plan for German rearmament—the execution of the plan would have taken a good deal of time—they would have been in a position to exact very far-reaching offers of concession from Russia in return for dropping it; and at that time public opinion in Germany would have been delighted to see the plan dropped. These offers might not have been acceptable, but it would have

been useful to have had them proposed. Once the Russians realised the wrangle going on among the Allies over German remilitarisation they used the Paris Conference to exercise their powers of debate and vituperation. One does not pay to get rid of a menace when one knows that it cannot materialise. Once again France had succeeded in holding up an inevitable decision by the unmatched skill of her diplomats. The struggle continued and France finally gained her point. At the Washington meeting in September 1951 the Anglo-Americans accepted a modified French army plan. The Occupation Statute was to be abolished and the Western Allies' relations with Western Germany were to be placed on a contractual basis. The Bundes Republik was to be given a wide measure of, though not complete, sovereignty, the Allies retaining such rights as were essential for their own and the Western zones' security. Within these somewhat flexible limits Western Germany was to be integrated "on a basis of equality in a European community, itself included in a developing Atlantic community". She was in return to contribute a quota—150,000 to 200,000 men were mentioned—to a European army organised by France, Italy, the Benelux countries and herself. This army was to be a federal unit under a European War Minister responsible to a European parliament having an independent budget. According to an Italian proposal this parliament was to be elected directly by all the participating peoples, though for an intermediate period it was to consist of delegates from national parliaments. Each country would contribute an agreed percentage of the common army budget—somewhat as Austria and Hungary did from 1867 to 1918, an arrangement leading to ever-recurrent friction and not a very encouraging precedent.

Considering the costs of modern rearmament their distribution will not be easy. Germany will not only be asked to pay her own share of the European army—the initial costs of which have been estimated at DM 3,500,000 a year; she will also have to continue to defray the costs of the armies of occupation, amounting at present to DM 6,500,000 a year. A European Minister of War may perhaps get his global military estimates through his parliament, but the task of allocating the burden among the joint contributors will not be an easy one. One can hardly imagine that the large number of Communist deputies



from France and Italy who are bound to sit in a European Assembly will give him much useful assistance. Moreover, the concept of an army not owing allegiance to a national government implies a considerable risk. The Weimar Republic had to face it, and ultimately collapsed because the army leaders did not feel bound to obey and protect their government. A European parliament would hardly inspire national commanders and national conscripts—and certainly not national volunteers—with ardent loyalties. There is sometimes too much logic and not enough psychology in French plans. Moreover, this European army was to be a subordinate constituent part of the N.A.T.O. forces, which are an aggregate of national armies. Neither Great Britain nor the Scandinavian countries, nor Greece nor Turkey, were to have their armies incorporated in the European army.

As soon as the Washington plan was beginning to take concrete shape Russia reacted, this time through the Eastern German Government, which asked for negotiations with the Bundes Republik about reunion and appeared willing to accept the preliminary conditions proposed by the latter. It would hardly have taken this step without being prodded by Russia, for truly free elections would wipe it out. Some of its members may by now be not unwilling to be swept off the stage as, so to speak, martyrs of German reunion. They may have found their position under Russian tutelage anything but pleasant. The Russian offer may have been a mere trick for weaning the German West from the Western Allies, but it was a very clever move on the part of the Soviets. It puts all Westerners on the horns of a dilemma. France must make up her mind whether her passion for European union is strong enough to make her accept the incorporation of both Germanies in it. The Russian move compels Western Germany to weigh the advantage of membership of a Western union as a junior partner with the benefits to be expected from national reunion. To the North Atlantic Powers it holds out the hope of a lengthy armistice in the cold war from which a genuine peace might emerge. It ties Poland and Czechoslovakia far closer to Russia; they fear a united, even though disarmed, Germany much more than a Western Germany contributing to a European army which would hardly be used for the reconquest of the lands beyond

the Oder-Neisse line. Russia's desire for peace may be genuine. She may consider it good business to proffer the heads of the East German Government, of which she can have no very high opinion, in return for keeping Germany unarmed and out of the North Atlantic Treaty Organisation. Were the Russian leaders absolutely sure that the capitalist system must break down on account of its own internal tensions—when it can no longer expand its sales by conquering new markets—they might let time work for them. The colonial revolutions which America's naïve hatred of imperialism and fear of further overseas implications is speeding up are going on very well; they may do Russia's work. She runs no serious risk by sending them a little military or literary ammunition. She can rely, moreover, on her propaganda within European countries, which would be very much more effective were Russia no longer to appear as an aggressor. Being now the possessor of atomic bombs she may have been liberated from the inferiority complex of fear, which is so often the cause of uncompromising truculence.

## 7

The Western German Government has tenaciously pursued a policy of incorporating Western Germany with the West and especially with France. It was in their eyes Western Germany's only chance of peaceful survival. But it would prolong and intensify the partition of Germany, which not only cuts apart Eastern and Western Germany but runs through the heart of Berlin embedded in the Russian zone. The blockade of Berlin was the first round in the struggle for the future of Germany. The West won it, but to go on winning Western Germany must be safe and content within a European union. To Eastern Germany she must be the Promised Land where there is personal liberty, individual prosperity and national equality. A disgruntled Western Germany would turn her eyes to the east and accept the myth that the social sun is rising in Moscow, even though a good deal of haze dims its glory. The Government, terrified by Western Germany's defenceless state, is in a hurry.

Western Germany's hatred of Russian Communism is deep-seated. She gave expression to it in the elections of 1949 when

the Communists polled only 5.75 per cent of all votes and secured only 15 out of 402 seats. This hatred is a compound of many forces. It is not limited to the numerically greatly reduced property-owning classes whose backbone is three million land-owning farmers. It goes back to a distant past when Liberals, Socialists, Roman Catholics and Lutherans hated Czarist Russia as the oppressor of political liberty and of their own particular creed; sympathy with Russia existed only in Conservative circles, and especially in the Prussian Army, which remembered Russia's share in the wars of liberation. The rise of Bolshevism intensified this hatred, especially amongst the Social Democrats. After some hesitations during the earlier stages of the Bolshevik Revolution the bulk of the party resolutely turned against it. They had imbibed from Marx and Engels a quite unjustified contempt for the Slav people. From their liberal predecessors they had taken over the humanist ideals which the men in the Kremlin were flouting. They saw the latter as heretics who had perverted the profoundly determinist doctrines of Marx as they themselves understood them, and who were replacing organic evolution by arbitrary propulsion. Later on the German Socialists had ample experience of their own Communists' spiritual affinity with Nazism, when Nazis and Communists made common cause against the Weimar Republic. The Ribbentrop-Molotov treaty was but the culmination of these tactics.

Today hatred and fear of Bolshevism in Western Germany is almost universal. The German armies penetrated deeply into the heart of the Soviet paradise; the soldiers learnt to respect the fighting qualities of its people and were impressed by some of its technical accomplishments, but they felt nothing but contempt for its poor standards of living. The 3,500,000 prisoners-of-war, of whom 250,000 have not yet returned, have reported much kindness from the Russian people everywhere, but they have seen the miserable conditions under which they have to make their living and have experienced the callousness of the rulers. The rape of the eastern lands and of Berlin, and the lootings and exploitations which have gone on, and are going on, in the Eastern zone, have filled the masses with passionate loathing. The eight million refugees in Western Germany feel that it was the Russians rather than the Poles who drove them from their

homes. They naturally turn against a Communist party and an East German Government that proclaim the Oder-Neisse line as permanent and kill their hopes of ever returning to their homeland, a large part of which, under Polish rule, is going to rack and ruin and becoming a waste. Western Germany has, moreover, a numerous Roman Catholic population. The Roman Church is not only the mightiest universalist institution still extant in the world; its very structure compels it to maintain its own spiritual bureaucracy in every country, if one may thus describe a priesthood who must not take orders in spiritual matters from any temporal government. Bolshevism cannot tolerate an alien bureaucracy which contests its complete control over men's souls. The Holy See cannot come to terms with it. It cannot be satisfied with the purely inner freedom which a Lutheran might enjoy, even under a Bolshevik régime, though he would hardly be allowed to teach it. The Roman Catholic Church considers itself, moreover, as the one and only genuinely universal institution whose centuries-tested faith, shared by men of all races, can offer a satisfactory spiritual alternative to Bolshevism. All over the world the Church is organising a universal resistance movement to this anti-Christ. In Western Europe religion, and with it doctrinal opposition to Bolshevism, is particularly strong among the peasant population; at the same time their love for the land they own makes them passionately oppose collective agriculture. This love of the land is so deep-seated that quite a considerable number of peasants beyond the Oder-Neisse line remained under the Polish régime by allowing themselves to be classified as "autochthonous" offspring of indigenous Poles.

Had the land reform in the Russian zone been carried out intelligently the new owners might have strongly supported the new régime. Its heavy exactions prevented its success; they arouse discontent, but it will not harden into uncompromising resistance. East Germany in the eyes of many Westerners is doomed if left too long to its fate. To them reunion is more pressing than European union. The Social Democrats have not been included in the Coalition Government which is in power at Bonn; they enjoy the freedom from responsibility of an opposition on the co-operation of which the Government has not insisted at the right time. They distrust, not without some justification, the

methods of the Chancellor and suspect him, however unjustly, of indifference towards the Eastern zone and Berlin. Their hold on the industrial masses is unbroken; Communism has made little progress among them. In Berlin there is no iron curtain, though there is a great deal of wire netting; the truth about so-called Communist achievements in the Eastern zone seeps through its wide meshes. But in the struggle against the Communists the Social Democratic party is being somewhat radicalised or, better said, turned towards nationalism. It cannot afford to let the Communists pose as the one and only national party clamouring for speedy German reunion. There is, besides, the problem of Berlin. Berlin is an island floating in the Russian zone through which runs an open frontier, the undefended borderline between East and West. Berlin's western sectors, trying to build up an economic life of their own, want to be attached to the Bundes Republik, but are separated from it by many miles of the Russian zone; their lines of communication are over and over again broken at the Soviets' behest. Their spirit is not broken. West Berlin is probably the only place on the Western Front quite free from pacifist hysteria, and where people do their day's work as if they were sure of the future. There are no unsurmountable constitutional obstacles to its joining the Bundes Republik as a twelfth *Land*, but constitutions do not annihilate space. West Berlin is both a frontier town and a beleaguered fortress. Small wonder that some of its citizens play with a scheme for making the town an autonomous city state under the tutelage of the United Nations, somewhat like Trieste; unfortunately it is not a seaport.

The Social Democrats would be the strongest party in the Bundes Republik were Berlin to become associated with it and, being a political party, can hardly be expected to refrain from playing party politics. The refugees in the West who have formed themselves into a political party, which is of considerable strength in some *Länder*, naturally crave for speedy reunion. The Social Democrats, who began as the party of the dispossessed, hope to win them to their ranks. The louder they themselves speak in a nationalist key the greater their chance of deterring emotional groups from joining the neo-Nazis. Socialists know from sad experience the spiritual affinity between Nazis and Communists.

The long-drawn-out discussion over remilitarisation has inevitably affected people's moods considerably. They have learned that neither non-resistance on their part nor neutrality could save them in case of war. The generals, moreover, have had to be called back for the discussion of technical problems, and though some of them are wise and trustworthy men who sincerely accept the Second German Republic men of the "Landser" type are emerging. The many surviving Nazis, too, may scent the morning air. These groups are not particularly dangerous. Nobody in his senses could ever have expected their disappearance or imagined that thoroughly impregnated Nazis or professional military freebooters would ever become genuine pacifist democrats. So long as they do not get hold of the rising generation neither they nor the Communists are a serious menace in Western Germany. They will die off by and by, but so will the men and women who have seen the real Russia and lived through the horror of the Russian invasion. The leadership of the Socialist Democratic Party recognises more clearly than the Government that national patriotism burns with a bluer flame than enthusiasm for a functional Europe. In the course of a long history there have often been two or even more Germanies; they have never been permanently separated and always hoped for reunion. The question for Europe is whether the Soviets or the West will unite them, and when. The West cannot do it by denouncing a German nationalism which asks for nothing more than national unity and equality *with*, not ascendancy *over*, other nations. Were Western Germany to discontinue her appeal to national sentiment in both Germanies, the Eastern zone would secure a kind of monopoly of it. No nation can survive without a vivid consciousness of its nationhood, and in a nation cut in two leadership will pass to the section which clings most tenaciously to its essentials. Western Germany can easily take the lead. She is not expected to Anglicise or Americanise herself; even the French are chary of asking her to Gallicise herself. But the Eastern zone must Sovietise itself, even if it is allowed to do so in the German tongue. Yet the West cannot win if it must abjure nationalism for fear of frightening the Allies.

The question for Europe is not whether German nationalism can be held in check by a European federation, but whether

or not the spontaneous nationalism of the Western zones can defeat the Soviet propagandist nationalism of the Eastern zone. If the latter wins, and appeals successfully to the Western Germans, Western Europe will be in grave danger.

Until lately the struggle between Government and Opposition appeared somewhat unreal, notwithstanding the bitterness imparted to it by the leaders on both sides. There is, however, a solid background to it. The Chancellor might be described as a representative of the Germany which the Romans latinised; the leader of the opposition as the spokesman of that other Germany which Germanised a large part of the once Slavic East. Both are Westerners, Dr. Schumacher being probably more in sympathy with the modern Western World than Dr. Adenauer. The Chancellor was inclined to accept sovereignty as a corollary to Germany's participation in the Schuman plan and the European army. Dr. Schumacher was not prepared to do so after a large part of it had already been bartered away for a somewhat problematical European union. His opposition might have strengthened the Chancellor's hands in his negotiations with the Allies had they not been disposed to discount it as purely personal. They, as well as the Germans, knew that for the time being reunion did not seem possible, except on the basis of a neutrality scheme which nobody on the Western side was willing to touch. The new move of the East German Government had changed the picture. It might have made "Reunion Now" a prerequisite to "Union Now". As the Western Allied Governments were evidently keen on negotiating with Russia, German reunion had suddenly become a live issue which might be discussed by the signatories of the Potsdam agreement as an alternative to Germany's participation in the European army. The agreement, after all, is still in force. The Western Allies would have to take account of German sentiment on both sides of the wire netting; but they were not bound by it, as they very clearly stated at the Washington meeting in October 1951.

Russia's demands are fairly well known. The scale of the concessions she is prepared to make on the German issue is the measure of her fear of a European union in which Western Germany is militarily and industrially integrated.

## CHAPTER XI

### UNION OR LEAGUE?

#### I

**S**UCH economic unity as Europe has already achieved is a by-product of Marshall Aid. Pouring goods into Europe, mainly as grants, the United States have prevented the physical collapse of several European countries, and have increased both production and productivity. By generous pressure they have managed to clear away obstacles to European trade and to switch imports from dollar areas to European countries. In E.C.A. (Economic Co-operation Administration) Americans created an instrument for the distribution of Marshall Aid. It directed the flow of American goods to its European wards so as to ensure a maximum of inter-European intercourse. It depended on recurrent appropriations by Congress within the framework of the original Marshall Act. Congress's willingness to continue aid was influenced to a considerable degree by E.C.A.'s quarterly reports; E.C.A. was thus provided with the necessary leverage for dealing with mismanagement and even obstruction on the part of its European beneficiaries. E.C.A. was denounced by Communist propaganda as an agent of American imperialism, even though its gratuitous spending could hardly be described as usurious exploitation. But E.C.A. did fulfil some of the functions which capitalist imperialism had formerly exercised, by providing deficit economies, after careful selection, with much needed capital equipment and industrial know-how. It did so in the expectation that these 'gifts' would develop the recipients' purchasing power and enable them to pay for future American imports with their own products.

The eighteen beneficiaries of Marshall Aid met regularly, either separately or with E.C.A. Their first meeting might best be described as a conference of suppliants presenting their needy governments' desiderata, which they had to cut down to more reasonable figures at the behest of the American almoner,



E.C.A. That same authority, moreover, objected to their overlapping claims. The United States were not willing to duplicate or triplicate plants in European centres which would be found redundant later on, when temporary shortages had passed. These informal meetings were soon merged into those of an organised body, O.E.E.C. It elected a managing council, and later on created the office of Political Conciliator, who was to preside over the meetings of the council and to conduct negotiations with E.C.A. E.C.A. was very conscious of the limited duration of its mandate (four years), and of having to satisfy Congress about results. It represented a rare type of institution, an agency almost feverishly working for its own extinction. In the meantime it pressed Europe hard to raise its output, and to substitute its own for dollar goods. It granted dollars to particular countries on condition that they would be used for financing exports to other O.E.E.C. members. Production rose and inter-European trade increased. At the end of 1950 Europe's industrial production had risen by about 45 per cent and her agricultural output by about 25 per cent. Her exports had gone up by 91 per cent and her imports by 35 per cent. The so-called "dollar gap" had been reduced from 8.5 milliard dollars to about one milliard. In 1950 the volume of inter-European trade was 37 per cent above that of 1949 and about 18 per cent above the 1938 level; 41 per cent of Europe's imports originated in member countries and 49 per cent of her exports went to them.

Public opinion in the United States was concerned lest these improvements should not endure, once Marshall Aid had come to an end, were Europe to remain cut up by tariff barriers; and E.C.A. began to agitate for a European Customs Union. The Benelux plans for a customs union and the negotiations between France and Italy over a similar scheme, were strengthening its faith in the efficacy of this remedy.<sup>9</sup> American experts saw Europe's present-day difficulties in the light of their own country's past experiences; they attributed Europe's plight to the absence of large-sized markets—at a time when demands for her goods were almost insatiable and when the only European countries that prospered were small Belgium, with 8½ million inhabitants and 12,000 square miles (helped, it is true, by coal-mines and the Congo), and smaller Switzerland,

with only  $4\frac{1}{2}$  million inhabitants and 16,000 square miles, and neither coal, colonies, nor any natural advantages except water power and scenery. Both countries combined were not as large as the State of Indiana, but assured a very high standard of living to a population four times the latter's. Being by temperament believers in better and bigger things, Americans were convinced that Europe's under-production and over-consumption could be cured by the creation of a wider union market. It would, they thought, bring about a switch-over from non-European to European trade, and thus lessen Europe's dependence on overseas supplies, and at the same time increase her total output. After having denounced regional amalgamations a few years before, the United States had turned completely round; having cursed preferential arrangements and customs unions, they now blessed them.

Before such a customs union could be established, profound changes in monetary matters would be needed. There is not much sense in hollering for the abolition of tariffs when payments from one country to another can be (and are being) arbitrarily held up. Even with the complete absence of tariffs, goods could not move freely were payments not to accompany, precede, or follow them. Without some sort of a payments union, inter-European intercourse could not be sufficiently intensified. A relatively free convertibility of members' currencies had to precede greater commercial integration; something like the free monetary transfers which had existed under the Gold Standard had to be restored.

Convertibility is, however, not a purely currency matter. Governments are by now in the habit of manipulating the national price level by expanding or contracting circulation and credit, and by underspending or overspending on their budgets in the hope of securing full employment. They have so far succeeded only at the price of maintaining a deficit economy, based on perpetual shortages which in their turn perpetuate controls—from a planner's point of view this is all to the good. But the belief that currency and credit manipulation, in conjunction with budget manipulation, is essential to full employment is deep-seated. A government wedded to it finds it hard to accept free convertibility. In order to overcome these obstacles the Economic Committee of the Assembly of the

Council of Europe drew up a plan providing for inter-European monetary co-operation, and E.C.A. pressed a version of it on the O.E.E.C. nations. It envisaged the establishment of an inter-European co-ordinating committee for monetary, budgetary, credit and investment policies. It did not eliminate national fiscal, monetary or banking manipulations, but it sought to make them interlink rather than interfere with other Union members' policies. It provided for free convertibility within the Union at more or less stable rates. While controls over outside transactions would have been maintained, inter-Union trade would have flowed as freely as under the Gold Standard, even though it would have had to pass tariff barriers. The continental countries were more or less willing to accede to such a union. Great Britain hesitated. She is the directing centre of the sterling area, within which money and capital, apart from blocked credits arising out of war purchases, can be freely transferred. She did not wish to jeopardise the ascendancy of sterling. Nor was she prepared to accept a plan which might hinder her from pursuing a full employment policy by fiscal overspending and monetary tamperings. Britain did, however, consent to come into a European Payments Union (E.P.U.), on the understanding that claims for and against her could be settled in sterling as well as in E.P.U. currency. The proposals for a joint European control over budgets and banking policies have been dropped.

O.E.E.C. had originally been a purely European institution. Its character was profoundly changed when the United States and Canada were invited (15th-18th May 1950) to participate in its meetings. Though they were what might be called honorary members, the mere fact that they represented the donors gave their voices a weight surpassing that of a vote. Canada, it is true, had not directly contributed to Marshall Aid, but she had provided a large part of the imports to Europe which had been paid for by Marshall dollars. Her position in this respect was not unlike that of a member country to whom a dollar grant was given in order to finance its exports to other member countries. The participation of two North American Powers in O.E.E.C. turned a purely European into a North Atlantic institution. O.E.E.C. became almost a companion to the North Atlantic Defence Union. As N.A.T.O. had by this

time established a Production Board, headed by a potential Economic Supreme Commander, there was some danger of duplication. There had been suggestions that the N.A.T.O. Board should swallow up O.E.E.C., but it has now been agreed that it should use the latter's existing machinery for its own purposes.

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The European Payments Union, endowed with \$350,000,000 from Marshall funds, is an agency of O.E.E.C., which established it and controls its activities. It is a clearing-house for members' claims and obligations through which only overall balances will be paid in gold or dollars. A member's surpluses or deficits in its dealings with other (European) members are settled with and through the Union, and not by separate bilateral agreements. Each participant can run up a deficit or surplus with the Union (the representative of all the members) to roughly 15 per cent (1949) of its combined exports and imports; this is its quota. The total of all quotas amounts to 3,950,000,000 dollar units, of which the sterling area (excluding Eire) is entitled to \$1,060,000, France to \$320,000,000, Norway to \$200,000,000, and so on. Of each quota 60 per cent is treated as credits from or to E.P.U., and 40 per cent of the deficit or surplus has to be met in gold. Every month (at first it was every two months) a balance is struck and debtors must pay part of their deficits in gold, while the rest is lent to them at rates rising from  $2\frac{1}{2}$  to  $2\frac{1}{2}$  per cent. The quota is divided into five equal slices, and the percentage of gold payments increases progressively. No gold payment is required on the first 20 per cent slice, 4 per cent on the second slice, 8 per cent on the third, 12 per cent on the fourth, and 16 per cent on the fifth. When the total quota has been drawn upon, 60 per cent of it remains as credits while 40 per cent has been settled in gold. Creditors draw no gold for the first slice of their claim and only 10 per cent for each of the succeeding four slices. They are not being encouraged to accumulate gold reserves, though they finally receive the full 40 per cent in gold. A country with a quota of \$200,000,000 (Norway, for example) can run up a temporary debt to the Union to that amount. The first \$40 million will

be advanced to it by E.P.U. as a credit; of the second \$40 million \$32 million will be credited; of the third slice of \$40 million \$24 million will be lent; on the fourth slice these figures are reversed (\$16 million credits, \$24 million gold payments); and on the fifth slice credits shrink to \$8 million and gold payments rise to \$32 million. The maximum which can be credited for longer than one or two months is \$120,000,000; when this figure has been reached the debtor will have to defray \$80,000,000 in gold. E.P.U. is an inchoate monetary union. Each of its members has its own national currency, but inter-Union transactions can be expressed and settled in E.P.U. units, equal to a dollar and automatically convertible, though not with non-Union currencies. Thus E.P.U. is a discriminating body like the sterling area, with which it has some features in common. Each member of the sterling area has its own national currency, freely interchangeable (apart from blocked credits) with those of its partners, and its own protectionist system consisting of tariffs, quotas, bulk buying, licences, exchange regulations, and all imaginable paraphernalia of managed or mismanaged economies.

E.P.U. is an attempt to recover, in a limited field, the advantages of the Gold Standard without its drawbacks. It is by now clear that the crisis of 1931 did not dethrone gold, though it abolished the Gold Standard. Gold remains the basic reserve in international trade, the only instrument by which balances can be rapidly settled. Under the Gold Standard a loss of gold started a mechanism which almost automatically contracted credits, forced stocks on the markets, lowered prices, reduced domestic consumption, curtailed imports, stimulated exports and attracted foreign short-term loans. The present political atmosphere does not permit its reinstatement. The founders of E.P.U. hope that the rising scale of gold payments which debtors have to make when their deficits increase will cause them to apply adequate brakes; for when the quota is exhausted, no credit from the Union is available and excess deficits have to be paid in gold. By this multilateral settlement of members' claims free convertibility of their currencies has been established; all are tied up with the new Union currency and a limited mobility of transfers on current transactions has been secured; it does not yet extend to capital transfers. The area

served by E.P.U. is, moreover, restricted; it does not include the Americas, large parts of Asia, or some African countries. Nor does it deal with each member's total balance of payments; it handles only claims arising out of inter-member transactions. Since it is far easier for an E.P.U. member to pay for goods bought from another member than from an outsider whose currency it cannot purchase freely, inter-Union trade will be stimulated. The Payments Union does not directly solve the so-called dollar problem, but it will certainly reduce its scale. Though the United States are not members, they are its sponsors and its bankers; they are, moreover, prepared to assist those member countries which are in a particularly difficult situation.

This newly won freedom of convertibility would not do much good were trade movements to be held up by national quotas, licences and similar obstacles. Under pressure from E.C.A. members have bound themselves to "liberalise", i.e. remove all quantitative restrictions on, imports from other members up to a certain percentage of total imports from participating countries and their overseas territories in a basic year. The percentage was fixed at 50, 60 and later on 75 per cent of imports on private accounts in conformity with the agreements of the Council of O.E.E.C. of 2nd November 1949 and 20th October 1950. These reductions do not apply to government trade, nor do they oust tariffs. Tariffs remain in force; even in the days of the Gold Standard, when money freely passed frontiers, goods had to pay duty at the border. But discrimination based solely on payment difficulties has been outlawed. All discrimination for whatever reason within the percentage of "liberalisation" decreed from time to time by the Council of O.E.E.C. was to come to an end on 1st January 1951. All liberalised products were to enter member countries on the same terms. This does not signify the end of discrimination all round; it survives on account of technical difficulties in the non-liberalised sectors of trade between members and in their intercourse with non-members. E.P.U. is being organised as a privileged trade zone whose constituents favour one another, but are permitted to discriminate against outsiders. In these circumstances, tariffs are once again becoming important. For governments that can no longer hold up an inflow of goods by

quotas or by payment restrictions try to rely on tariffs. Thus there is an urgent need for dealing with them, either universally (through free, or freer, trade) or regionally (through customs unions).

E.P.U. is a modest experiment, far less ambitious than the International Monetary Fund, but within a limited area more effective for the time being. By establishing a free convertibility zone within Europe, and indirectly through the connection of its leading members with their imperial and associated currency areas, it has laid a foundation for a potential European customs union. It is an experiment with a provisional span of life of only two years. But if its operations are successful it may become more or less permanent. It is by no means the pre-ordained begetter of a customs union, for the very success of convertibility may make a customs union superfluous. When licences, quotas and bilateral agreements have gone for good, and monetary obstacles have been discarded, tariffs with or without discrimination will come into their own; it may be that they will be too high. It might therefore be more advantageous to work for their reduction all round on the lines of the G.A.T.T. negotiations (General Agreement on Tariffs and Trade) than to form a regional customs union.

A customs union of 270 million people no doubt looks very impressive. It can undoubtedly pursue a much more vigorous commercial policy than a number of separate states; but the fact that some of its future members have already revised their tariffs upwards must make one suspicious. They might well enter negotiations for a customs union with outrageously raised national tariffs, ready for ostensibly large concessions. The result might be a union tariff emerging from these deliberations very much higher than former national tariffs have been. The customs union, with its many colonial appendages, might become much more self-sufficient than advocates of freer trade can desire and, by following a thoroughly discriminating, protectionist policy towards outsiders, might contract rather than expand world commerce. It might in the long run eliminate the dollar problem on the European side by making Europe more or less independent of United States imports, and thus aggravate it from the American side. The United States want a Europe which can buy their products, not a suppliant

for free gifts. By pressing too hard for a customs union, they may help to organise a Europe which no longer needs to buy surplus American commodities.

Such perils are not very imminent, for the trend towards plenty stimulated by Marshall Aid is being reversed by the urgent need for gigantic rearmament. Stockpiling by the United States was temporarily closing the dollar gap. But the demand for raw materials and the overall strain on Western production is once again imposing a scarcity economy on the entire Western World. Just when Europe has overcome her worst physical shortages, an increasing proportion of output will have to be devoted to non-productive activities. When tanks, not tractors, are the target, it is difficult to maintain standards of living. The temptation to go back to physical controls, complacent austerity and all sorts of restrictive practices is very great, especially as the policy of liberalisation has not yet had time to bear full fruit. The sudden change from a buyer's to a seller's market led to difficulties within E.P.U., as Germany had rapidly exhausted her quota. Since this was partly due to the inadequacy of her initial endowment, O.E.E.C. decided to support her by granting her a loan. When this was almost exhausted Germany managed to pull round by reversing liberalisation and by a terrific all-out effort. The E.P.U. crisis has been postponed, but not overcome; it was bound to spread to other members. As the structure, strength and commercial policy of the members of O.E.E.C. differ, the application of the same percentage of liberalisation to each member's trade must work out very unevenly. Liberalisation applies only to quantitative restrictions in inter-European trade; the greater its share of a nation's total trade, the larger is the proportion of total imports which under the 60 or 75 per cent rule will have to be freed. On the other hand, a government which does most of its importing by bulk buying, and has a relatively small private trade sector, will have to liberalise a much smaller percentage of its total commerce.

The German crisis was due to a considerable extent to the peculiar circumstances of Germany—no foreign assets of any sort, few opportunities for invisible exports, almost complete absence of short-term private credit, and an overall lack of capital. But similar handicaps hamper other members.



## 3

The troubles of Great Britain, France and Belgium reveal the internal strains of E.P.U. A member might draw a large part of its imports from other E.P.U. countries but be unable to settle for them through exports—this has lately been the position of Great Britain and France; or might, like Belgium, be able to provide its partners with goods which they, as a group and not merely as individual countries, are unable to pay for. This would not matter much if the country that had run into debt with Europe had at the same time accumulated a corresponding credit balance in the United States, for it could cover its European deficit with its dollar surplus; or if the creditor country could use its surplus in Europe—though this would not be quite so easy—to square its American debts. Such shifts would merely signify a return to those triangular trade practices for the restoration of which E.P.U. is working. Unfortunately, however, most members of E.P.U. are either debtors to Europe *and* the United States or creditors in Europe whose surplus is not large enough to cancel their debts overseas. They remain deficit economies, partly because of late the terms of trade have turned against them as a result of rearmament, but mainly because they have been unwilling to undergo the painful process of contracting real income which the disequilibrium in their balance of payments required. Europe's output has been low, though all the world cried out for her goods. For her capital equipment had become inadequate and her labour, at least in some countries, was frightened of plenty and preferred full employment to full supply.

For the resulting scarcity restricted markets were not responsible; but money and credit inflation, which swelled domestic purchasing power, greatly contributed to it. The inflationary gap which they opened could not have been closed by enlarging markets. The very great improvement which has taken place since 1948 was due far more to Marshall Aid than to trade liberalisation, but the latter must go on if only to prevent the resurgence of monopolist nationalism. For once supply has caught up with demand, the fear of price reductions and of lower profits will tempt producers and workers to cut output by using frontier controls to limit markets. It is easier to break

through these barriers in a sellers' market in which everybody is making money than in a buyers' market when profits may be clipped by competition. The preferential stimulants given by inter-European convertibility and liberalisation have greatly helped the switch-over of trade from dollar areas to inter-European markets, but they have not been able to supply the European peoples adequately, either directly from their own sources or indirectly by means of imports from abroad paid for with exports. The situation has of late greatly worsened, but O.E.E.C. countries still hope to raise their output by another 25 per cent during the next five years. Yet complete success in this endeavour will not make their export goods tally completely with their import needs, since Western European economies are only to a limited extent complementary. There is no reason to suppose that the mere disappearance of inter-European barriers would raise European trade, and besides that European output, sufficiently to make the Continent independent of overseas markets and overseas supplies. It would even be too much to expect that a European customs union would bring about a complete adjustment between its component parts.<sup>1</sup>

O.E.E.C. is well aware of these facts. Although Marshall Aid is coming to an end it has no intention of dissolving itself, for it is no longer a mere distributing agency of American largess but conceives itself as a closely knit community. It is, of course, greatly concerned at the difficulties within E.P.U. and hopes to preserve its cohesion. Germany's application of the dispensing clauses in the E.P.U. constitution and the other remedial measures taken were not unilateral decisions, but were agreed upon by the joint body and subject to its super-

<sup>1</sup> In few closely knit states do commodity exchanges between the several regions tally completely. A sort of balance is arrived at, partly by taxation—the poorer regions being allowed to spend on services some of the revenue collected in the richer areas—and partly by direct subsidies or loans for investment, the interest on which is reinvested while maturing loans are usually converted into other loans. A definite adjustment may be reached by emigration from the poorer to the richer regions, whereby imports to the former are reduced and the remaining population enabled to concentrate its energies most favourably. The strains from such internal maladjustments are sometimes very severe. They led in the past to the populist agitation in the United States when the indebted West denounced the money-lending, capitalist East. In a federation they may result in threats of separation, if not in actual secession. Western Australia, for instance, repeatedly proclaimed her intention of breaking away from the Commonwealth. Such outbreaks have originated sometimes in the poorer and sometimes in the richer regions. The Irish complained of being kept poor through the country's economic fusion with England, and the Czechs complained that Austria proper, and especially Vienna, was living on their fat.

vision. British action, though within the E.P.U. framework, was unilateral and will not only hold up further liberalisation but may temporarily reverse the process. Nevertheless, O.E.E.C. is undaunted. It has elaborated a systematised code of liberalisation which will ultimately eliminate all kinds of economic discrimination between its members and, by implication, keep non-members outside this preferential circle. It has drawn up a code of international hospitality. It has outlined identical, though not joint, anti-inflationary policies. It seeks to prevent wasteful overlapping through a co-ordinated investment policy for most key industries. It is assuming the role of a European economic general staff which lays down the objectives of economic strategy and, though not in a position to embark on such campaigns, tells its members how they ought to be conducted and estimates the means required. Schemes such as the Stikker and Pella plans for reducing tariffs are a warning that members whom a too rapid scrapping of protective measures would injure must be allowed time for adjustment and that there must be compensation for those called upon for unrequited sacrifice in the interests of the community. The Petsche plan outlines a programme of European investment and expansion with the aid of a European Bank. In this field something has already been achieved; credits amounting to nearly one milliard dollars have been granted by O.E.E.C. governments to other member governments (in addition to credits arranged by E.C.A.). A modest flow of private investment between O.E.E.C. countries has started and member governments have invested a milliard dollars in their overseas territories. Integration proceeds slowly but steadily.

Shortages were becoming almost universal in the wake of rearmament, and N.A.T.O. appointed a co-ordinator to whom the allocation of scarce strategic materials was entrusted. Its three standing members—the United States, Great Britain and France—have taken in hand the problem of joint control and have appointed a number of committees. These were somewhat hampered by the United States' hysterical stockpiling and O.E.E.C. has been co-operating with them. Its part in canalising Marshall Aid will come to an end on 30th June 1952, when the last milliard dollars voted by Congress for that purpose will have been allocated. But American support will continue

in the form of military and economic assistance to friendly nations, for which Congress has set aside 7.3 milliard dollars; 4.8 milliard dollars are to go to Western Europe and 10 per cent can be used for economic aid. It is realised that the rapid rise in prices is upsetting the precarious equilibrium which Europe seemed to have reached, and that heavy financial burdens for rearmament may cause budget deficits and make for further inflation.

E.C.A. came to an end in December 1951 but was reorganised as the Mutual Security Agency (M.S.A.) to distribute funds among the N.A.T.O. nations—including Greece and Turkey there are only fourteen of them; of the other four O.E.E.C. members Sweden and Switzerland do not want to join N.A.T.O. and Western Germany and Austria have not yet been admitted to it. N.A.T.O. was reorganised at the Ottawa meeting in September 1951; a temporary committee of five members was established and under it an executive bureau of three men to overhaul the financial and economic activities originally entrusted to N.A.T.O.'s Financial and Economic Board and Defence Production Board. The bureau, on which the United States, Great Britain and France are represented, works through a Screening and Costing Committee and an Economic Financial Committee. The American member is chairman of M.S.A., and also administrator of the Battle Act, through which the United States are attempting to control trade with the Communist bloc. Both the N.A.T.O. association and the O.E.E.C. community will receive grants from M.S.A., the former for military and technical equipment and the latter for specific economic purposes. Since military equipment must be produced somewhere and paid for somehow, its procurement will affect all economic and financial processes; and since the conditions under which it is financed and fabricated must determine both the quantity and quality of output and the terms of delivery, N.A.T.O. and O.E.E.C. are both rivals and partners when they approach M.S.A.

E.C.A. has been the United States' almoner; its successor is becoming Europe's armourer. In that capacity it will insist on the preservation of such European economic unity as has already been secured. For during the period of tension which rearmament must entail the Western World cannot

allow overlappings or purely national restrictions which will hold up output. The tendency prevailing in some countries to keep production in essential industries near a shortage level, in order to secure full employment, cannot be tolerated when there is an overall shortage of labour. E.C.A. was convinced that greater European integration would contribute to that rapid rise in output which is essential. The troubles of a deficit economy may justify all sorts of controls, but the desire to maintain the latter hardly justifies continued under-production. The strains of rearmament can only be eased by increased production, more intense work, and larger savings. M.S.A. is in a position to relieve national strains in Europe by contributing American materials, and should do it by making aid proportionate to effort. By selective co-ordination it will press for higher national output and closer inter-European interlocking.

The partnership of the United States with Europe in defence and economics is contributing to the latter's growing integration and at the same time reducing its importance. For the Atlantic partnership has in every respect a much greater weight than even the closest European union would possess. It is somewhat paradoxical that the architects of that union stand outside it and do not link it to their own political system—though there is some talk of an *Atlantic union*. The overwhelming strength of the transatlantic partners not only overshadows the European union, but also narrows its prospective membership by enabling some states to remain outside Europe. It strengthens Great Britain's desire to stand apart and to rely on the one hand on the Commonwealth and on the other on the United States. Britain's partnership with North America does not require constitutional adjustments. Neither Canada nor the United States ask her to sacrifice an iota of her sovereignty. Her people are not aware of the very brutal fact that a country as dependent on imports and exports as theirs has little material sovereignty in the economic field. They feel that they can get greater security, both economic and military, within a tripartite system of partnerships, with the Commonwealth, with the United States, and with continental Europe. Whether they are right or wrong, their attitude is bound to give a future European constitution an exclusively continental twist. It will be much wider and much looser than any Western European combination. It will be a league; not a union.

## CHAPTER XII

### MID-CONTINENTAL UNION

#### I

**D**URING the first world war a movement arose for bringing about a kind of federation of the Central Powers. It was to include Germany, Austria-Hungary, Bulgaria and Turkey, and was to reach from the Belgian frontier to Baghdad. It quite inappropriately called itself Middle-European. Though Germany and the western parts of Austria are undoubtedly situated in Central Europe, Austrian Galicia, Hungary proper, Bosnia and Herzegovina are hardly included in it. Bulgaria was definitely outside the continental centre and pre-war Turkey, which reached in those days to the Gulf of Persia, was, with the exception of a small remnant of her former conquests, completely outside Europe. The attempts which are now being made to integrate Western Germany, the Netherlands, Belgium, Luxembourg, France and Italy might with much greater justification be called mid-continental, so long as this does not imply that the regions east of these countries are for all time to come to be considered as lying outside the European orbit.

The most important move towards mid-European integration is being made in the heavy industries. Before Alsace-Lorraine was reattached to France the coal-owners of the Ruhr owned Lorraine steel and iron works. Coke and ores were exchanged between both regions. The French broke this tie by expropriating the Lorraine steel works. They hoped to re-forge it through the clauses of the Versailles Treaty compelling the Ruhr to furnish coke and coal to them. But the coal-owners of the Ruhr had no desire to nurse rivals who had taken over their plants; they sabotaged. The result was the invasion of the Ruhr in 1923, which ended in a political victory for France. But bayonets cannot mine coal. Once the acute coal shortage was over the Ruhr masters had no difficulty in switching over to much richer Swedish and Spanish ores. They did not need

Lorraine ores. The world markets were at their door, while their Lorraine rivals were penned in a corner the main outlet from which was the German market. The Germans held the winning cards, and forced the French into the international steel cartel which they dominated. France had failed to get the industrial security she craved for. She made another attempt under the Potsdam agreement. She resisted every effort of her Allies to salvage German productive capacity and fought hard to keep German steel output<sup>1</sup> restricted to five (and later to 11.1) million tons annually. She succeeded once again in getting the Saar economically integrated with France—it had a pre-war output of 13 million tons of coal and two million tons of steel. With 64 per cent (30 million tons) of Western Europe's iron ores France had once more great hopes of securing the leadership of the continental steel industry.<sup>1</sup> Provided she could draw away enough coal and coke from the Ruhr she could convert her entire ore output on the spot and need no longer supply Germany. From 1937 to 1950 French ore exports to Germany declined from 5,800,000 to a little over 100,000 tons, but Germany remained dependent on imports for about 30 per cent of her needs. The Monnet plan envisaged a French coal production (by 1950) of 65,000,000 tons and a steel output of 11,000,000 tons. When subsequently the policy of contracting Germany's industrial potential had to be reversed, France was once more gripped by the fear that she would be unable to keep the leadership she seemed to have acquired. The British and American Governments were prepared to accept Germany as a member of Western Europe, though they wanted to retain some control over her industrial activities after Allied Government had come to an end. A Military Security Board and the Ruhr Authority were established to secure this purpose. On 7th June 1948, Great Britain and the United States agreed on the constitution of the latter. Under French pressure the plan had to be redrafted in December, and was finally embodied in the Washington Agreement of April 1949.

It recognised the Ruhr as the centre of Western Europe's economic resources, the productivity of which, in the interests both of Europe and Germany, was to be enlarged rather than contracted. An agency was established for supervising the

<sup>1</sup> See Chapter IX, pp. 114.

distribution, and incidentally the use, of Ruhr coal and steel, for in France the fear of dead Prussia was as strong as, if not stronger than, the fear of living Russia. The Ruhr Authority was composed of fifteen members, three each for France, Great Britain, the United States and Germany, and one each for Belgium, Luxembourg and the Netherlands. Its decisions could be taken by a simple majority. It had to see to it that "the resources of the Ruhr shall not in the future be used for purposes of aggression", that "access to the coal, coke and steel of the Ruhr, which was previously subject to the exclusive control of Germany, be in the future assured on an equitable basis to the countries co-operating for the common economic good". Germany was to be associated with European economic co-operation. But the Authority was to watch "German attempts to impede access by other countries to the coal, coke or steel in international trade" or "to distort the movements of Ruhr coal, coke and steel to restricted or limited industries", and to guard against "the development of patterns of ownership in the Ruhr coal, coke and steel industries which might constitute excessive concentration of economic power". The Authority was to exercise "surveillance"; it had no power to enforce decisions. That power remained with the High Commissioners, and was later on to be transmitted to the Military Security Board.

The Germans resented the Washington agreement as an "unequal treaty". They were ready to submit to international control comprising the iron ore mines and the steel plants of Lorraine as well as those of the Ruhr and the Saar. There was an American plan with this object in view. But the French would not even discuss it, and prejudiced it by the economic annexation of the Saar. In the end the Germans accepted the Authority in return for concessions on removals and dismantlings and participation in the Council of Europe. It was quite clear that either the Ruhr Authority would disappear at no distant date, or the pattern of international co-ordination embodied in it would be extended to all the continental heavy industries. A régime under which the output of one chief partner was limited, while that of his associates was not, could not be maintained indefinitely.

Germany had long been a land of cartels and combines,



whose controllers (who were by no means always their owners) had a great deal of power. The Nazi régime imposed cartels on nearly every industry; they became administrative agencies under government direction. The Allies began to break them up. The main power lay in the combines, in as much as concerns which owned all the necessary raw materials, and processed their goods through all the stages of production, enjoyed great advantages over rivals who had to buy raw materials from monopolies, received limited production quotas, and had to sell their finished products in competitive markets. Law 75, agreed upon by Britain and the United States in December 1948, started to disentangle the structure of these huge concerns by severing the ties between coal and steel and laying the foundations for a regrouping of the coal and iron industries. The question whether these industries were to be nationalised, or to be run by private owners and managers, or to become semi-public enterprises, was deliberately left open. The British and Americans finally came to the conclusion that the ultimate decision on this issue must be taken by a German Government. The French objected. Their coal industry was nationalised; their steel industry was not. They did not want a nationalised German coal and steel industry; they rightly argued that nationalised industries represent far greater economic power than mere cartels; nor did they desire a return of the old owners and managers, whose efficiency they respected, not altogether without reason. Notwithstanding the difficulties which beset Germany, she had already easily outdistanced France in coal output—110 million tons against 67 (the Saar included); she was already equalling, if not surpassing, France's steel production. When the French realised that they could no longer hold out against facts they waived their objection and launched the Schuman plan for economic union. Its mere announcement sent a wave of optimism through Europe. But it is well to remember the almost hysterical enthusiasm with which, twenty-six years before, sobstuff sisters of both sexes had greeted the formation of the International Steel Cartel, hailing this union of steelmasters at the expense of the world's consumers as the beginning of an age of peaceful international co-operation.

The Schuman plan was launched in a great hurry; it was, in fact, not much of a plan, but rather a proposal to join a conference for the elaboration of a plan, and to bind oneself to accept its findings. The French were in a panic; they could no longer hold out against the Anglo-American decisions about Germany's industrial organisation; they were, moreover, faced with the imminent failure of the Ruhr Authority. Before the Korean war world scarcity of coal and steel seemed to have come to an end. Coal dumps were rapidly rising; steel was unsaleable. Relatively low export prices for coal made France's coal production unprofitable; if nothing was done, the natural advantages which Germany possessed would assert themselves, and the dream of French ascendancy would evaporate. For it was quite clear that artificial restrictions on German industry could not be maintained much longer. The Russian danger could not be met without the co-operation of Western Germany, and that co-operation could not be had by sitting on her steel output indefinitely. France was incapable of defending Western Germany. She could not get adequate American support without some German participation, and the fear of that participation paralysed her political energies. There was no way out; she had either to defend Germany, or agree to German rearmament, or let Germany fall a prey to Russia. The creation of a federal union, in which Germany would be an equal partner but could always be outvoted by her associates, might solve the problem, but such a union could not be quickly established. The British were very lukewarm, and though many Germans responded enthusiastically to the proposal for resurrecting the Carolingian empire in a new shape, it could not be made a practical proposition within a few months. Once France had lost her industrial ascendancy—and impending overproduction threatened the survival of this very tender hot-house plant—the most perfect federal constitution would not bring it back. France's industrial future had to be made secure before Germany recovered her industrial liberty. The formal equality given to Germany must be balanced by continued material inequality. France was ready for reconciliation *before* Germany was strong, and was still willing to pay for liberty

and equality by voluntary economic renunciations. If Germany was prepared to accept such economic terms, the French Government could afford to make political concessions to her, which otherwise its domestic public opinion would not tolerate. It was a brilliant coup to acquire economic security (ascendancy) by an act of political fraternisation.

In some ways it was too brilliant. It shocked British public opinion, which does not like to be taken by surprise and which rightly objected to having to accept a plan which had not yet been drafted. All the prejudices of Labour were aroused against any co-operation which might interfere with its right to export unemployment. It might suit the Germans to subject their coal and steel output to international restrictions—they had been subjected to them for the last six years anyhow. The British were not going to pool their sovereignty over basic economic materials with anybody else. They certainly overstressed the value of sovereignty in economic matters, for that of a nation which lives by exports and imports is very limited; outside the colonial sector both its exports and its imports depend on the decisions of other sovereign governments. It can only protect itself from arbitrary actions on their part by making treaties with them; no purely autonomous policy is open to it. Such treaties always imply a renunciation of arbitrary actions by the signatories during a more or less determined period. It might have been possible to keep the coal and steel pact within a flexible treaty framework if a British representative had sat at the conference table. In his absence France, Germany, the Benelux countries and Italy agreed on a plan for pooling their coal and steel production.

### 3

The object of the pact, which is being ratified by the parliaments of the countries concerned, is to create a single market, to promote economic expansion, to maintain a high level of employment and raise living standards in member countries, and to ensure a more rational distribution of goods at the highest level of productivity. A High Authority of nine men—eight of them appointed by agreement of the contracting parties, the ninth to be co-opted by the nominated members—is to be set

up. As agent of the several governments it will take over the powers they have hitherto exercised over prices, production and investment in the coal and steel industries. It will be advised by a consultative committee of from 30 to 51 members, composed of equal numbers of delegates from producers, workers, consumers and traders. A Council of Government Representatives (six in all) will choose the members of this committee and will exercise a kind of supervision—in certain cases its approval must be sought before a decision is taken. When its vote is not unanimous the Authority can override it. An assembly of delegates or deputies, seventy-eight men strong, will meet yearly to receive the Authority's annual report, and can pass a vote of censure by a two-thirds majority which would enforce the resignation of the Authority. A vacuum would thus be created which would be filled by the appointment of a new Authority. It may be assumed that the governments concerned would select new members who are prepared to follow a policy correcting that of their predecessors. In this rather cumbersome way the political responsibility which the original plan tried to eliminate is being re-established. The idea dear to the German industrial magnate in the early days of the Weimar Republic—that business should be allowed to run itself without interference by parliaments—has been dropped; but parliamentary control is at best remote. While the Authority's decisions have the force of law, national parliaments can indirectly invalidate them by forcing their governments to see to it that they are rescinded through new appointments. The authors of the plan have finally had to accept the common-sense view that business is in politics in the persons or organisations of owners, managers, workers and distributors, and that politics has been in business, is in business, and will be in business as long as there is a State. This may sometimes be very inconvenient, both to politicians and to business men, but no trick to eliminate politics will work. A special court of seven justices will adjudicate between the Authority and those affected by its decisions. It can annul, grant damages, and levy fines. The pact has been concluded for 50 years, but there is an interim period of five to seven years to permit of adjustments. The pact may well be described as a lawyer's delight and an economist's despair.

## 4

A free market implies opportunities for every concern to sell its goods at the best price they will fetch, but a free market limited to six Powers involves a separation from other markets by means of tariffs or other discriminating agencies or manipulations. Before the first world war there were genuinely free markets for both coal and iron ores, though steel was subjected to tariffs. Cartels (particularly well developed in Germany) did interfere considerably with national prices, generally at the expense of the national consumer of their products. For those were the days when plenty and low prices were the lodestar of economic policies. National cartels used to keep national prices above the world market level and sell any surplus by dumping abroad. It is a very open question whether these cartels did not injure domestic industries. High domestic prices secured the survival of sub-marginal plants and provided additional profits for the more favoured concerns. They raised the costs of coal and steel to national finishing industries, and furnished cheap half-finished materials to their foreign competitors. They encouraged over-expansion, for every member of a cartel tried to expand his capacity in order to be able to claim a higher quota when the cartel treaty had to be renewed. It was only in the period of scarcity after the second world war that the practice crept in of selling coal at a higher price abroad than at home. It is this transformation which is mainly responsible for the fear that Germany, the greatest continental coal producer, may withhold coal and coke from her rivals. If she gets a chance to do so in more normal times the main responsibility will be Britain's. As long as Britain was a large-scale coal exporter her coal determined European prices. British coal competed freely with German coal, notwithstanding the several German coal cartels. Berlin in particular greatly profited from a situation in which Ruhr coal had to meet the competition of Britain and of Upper Silesia. The Schuman plan evidently assumes that Great Britain will never again be the decisive factor in determining European coal prices.

The Authority is to be ~~Simple~~ pure. It may not go in for price manipulation, dumping or restrictive practices. It may in certain cases and areas fix maximum and minimum prices. It is,

moreover, allowed—after reference to the Council—to impose production quotas in case of a glut, and in case of scarcity to allocate raw materials. The Authority outlaws cartels, especially national ones, but is evidently prepared to carry out their main functions. One of these functions was to keep domestic prices sufficiently high to ensure the survival of sub-marginal plants. Many Belgian and French coal-mines are uneconomic; they are to be subsidised for a number of years in order to be modernised or closed, the subsidy to be levied on their more favoured Dutch and German rivals. The combination of coal and steel which prevailed in Germany is to be made unprofitable. There is nothing particularly vicious in a steel concern's owning a mine—except that it rarely occurs in France. It makes for lower production costs for steel and offends the egalitarian spirit in which the Schuman plan is conceived—an egalitarianism which seems more interested in equal than in low prices. A compromise has been agreed to by which 28 recognised German steelworks are allowed to retain their captive mines, provided they do not draw more than 75 per cent of their coal supplies from them. The productive advantages which they possessed over less well organised rivals are, in part at least, being taken away from them. They must treat their captive mines as separate enterprises and let them charge the prevailing market price (including taxes) for their coal. The German heavy industries are now paying the price for the foolish policies so many of their leaders pursued in the past. They strutted arrogantly about the political stage, whilst their French rivals exercised power behind the scenes. The latter—the de Wendels, the Schneider-Creusots, the Comité des Forges—were not one whit better than the Thyssens or the Stinnes. In labour questions they were very much more backward—but they were far more discreet. The German coal-selling syndicate (cartel), which acts for all Ruhr mines, is being dissolved. A new voluntary agency may be organised. Its activities will be limited to sales to the Federal Railways and the iron, steel and chemical industries. The resurgence of cartels in any German industry is to be forbidden by a separate anti-cartel law, which the German Government will have to submit to the High Commissioner.

The United States, though haunted by the fear of cartels, have

exercised great pressure on reluctant countries to make them accept limitations which may easily lead to mid-continental cartelisation. It is not at present needed for preventing a glut; for as long as the armament race continues shortages will prevail. In such a situation cartels would be quite superfluous. Whether such sacrifices are justified will depend on the answer to a number of questions: (1) Will the pact increase the output of its members? (2) Will the Authority in these conditions succeed in keeping prices lower than they otherwise would have been? If not, their impact on the finishing industries, on which the European countries are mainly dependent for paying for their imports, will be extremely unfavourable. (3) Coal, iron and steel are not isolated industries; they compete with water power and oil; they compete for labour and capital with all other enterprises. How will the pact affect the latter? Already plans are being made for "Schumanising" other industries, and not the least among them, agriculture. (4) Will these mid-continental combinations follow a more liberal domestic and foreign economic policy than most of their individual members would have done? Will "Schumanising" be used as a convenient approach to regional isolationism and autarchy? The enthusiastic talk about an 150-million-people market to be served by the pact is but empty verbiage until it is shown that this expanded market contributes more in giving and taking to world economics than separate markets would have done. When demand greatly out-runs supply—the German home market could easily consume 15 million tons of steel for quite a number of years—there is not much sense in clamouring for larger markets.

The fifth and last question is whether or not the pact will lead to greater political amity between the partners, especially France and Germany. To achieve this aim they must refrain from pursuing a purely national policy under the guise of internationalism. So far they do not seem to have done so. France wants to secure ascendancy in steel making and Germany wants to get rid of the shackles tying her down. She knows that the Ruhr Authority will rapidly disappear once its place has been taken by the Schuman pact, a very much less international body since Great Britain and the United States do not participate in it. The pact is meeting with a great deal of opposition in Germany, especially from the Socialists, an

opposition which has not been lessened by American pressure on the German Government. An originally generous concept has not been executed in a generous spirit.

The pact is certainly not European; it is only mid-continental. Great Britain, the Scandinavian countries, Spain, Switzerland, Austria, Turkey and Greece are not in it. It would be very unwise of its sponsors to follow it up by a scheme for an economic mid-European union. It would not only widen the rift between mid-Europe and the peripheral countries; it would in the long run result in Germany's industrial leadership, for the geographical factors of mid-Europe's economic situation are not changed by the pact. The doctrine that a country must forgo the particular national advantages with which it is endowed, for the benefit of neighbours who do not reciprocate, is untenable. If matters are not very wisely handled, the picks of the Ruhr miners will one day settle issues which the Authority has failed to solve.



## CHAPTER XIII

# ASIA'S IMPACT ON EUROPE'S UNION

### I

**B**ARELY five years have elapsed since the United States were forced to relinquish the popular though futile pastime of drafting global constitutions. They rapidly turned round and advocated regional federations. In this short period a great deal has been accomplished. Fortunately, the leading nations of the Western World have recognised during this interval that history does not repeat itself. However much the problems which have to be faced may resemble those of earlier days, they cannot be solved by copyists, for the ever-changing combinations of time and space require new solutions. The wine is always new and always fermenting; it cannot be poured into old bottles; it is bound to burst them.

What has so far been achieved, mainly in the field of defence and trade, has not been done by applying the precepts of the Founding Fathers or by transcribing European constitutions—though the new order is as it ought to be, closer to European pluralism than to American monism. It is mainly institutional rather than constitutional. A number of pacts have been concluded, but no constitution of Europe has been adopted. These facts reflect realities. Even where pacts concentrate mainly on Europe, such as the North Atlantic Treaty and the organisation of O.E.E.C., they go far beyond her confines. To be fully effective, they have had to be complemented by other pacts, treaties or arrangements in which Europe plays only a minor part. On the other hand, a pact like the coal and steel agreement is not even European in the most narrow sense of the word.

In any case, the very substantial advance in military and economic integration has been secured either on a much wider, or on a much narrower, basis than that of Western Europe. This has naturally affected the attempts at evolving a European constitution which were inaugurated by the Brussels Pact. It

explains why progress in constitution-making has been slow. The Brussels Treaty of Economic, Social and Cultural Collaboration and Collective Self-Defence—as the Western Union pact was called—was far removed from a federal constitution. Its terms bore a slight resemblance to the very loose conference system under which the leading European statesmen met from time to time after the Congress of Vienna. That system broke down because the divergent views of the several governments could not be reduced to a common denominator. Again, some of the Brussels Treaty's main features remind one of certain points in the constitution of the Germanic Confederation. Both instruments were meant to maintain the full sovereignty of the participants. The constitution of the Confederation provided 'a permanent council (Diet) of the member governments. Its powers were narrowly circumscribed and all its major decisions had to be unanimous; the delegates to it acted on instructions from their governments. Its career was anything but glorious, yet all later German constitutions evolved from it. The hope, moreover, that something more than a military alliance might emerge from the Brussels Pact was justified. For the Consultative Council which it established was organised so as to be able to "exercise its functions continuously", and the scope of these functions, though rather vague, was very wide.

On 5th May 1949, the five founders of Western Union, in conjunction with the Irish Republic, the Italian Republic, and the Kingdoms of Norway and Sweden, drafted a Statute of the Council of Europe. The aim of the Council was "to achieve greater unity between the members in economic, social, cultural, scientific, legal and administrative fields. Matters relating to national defence, however, do not fall within the scope of the Council of Europe." The Council is a consultative body, the creature, not the master, of the governments which compose it. Besides the nine founding members four others, Turkey, Denmark, Greece and Iceland, have already joined it. The accession of Turkey shows very clearly that the object of the new body is purely practical; it is not based on ethnic, religious or cultural traditions. Though modern Turkey is no longer the champion of the Moslem faith and its cultural aspirations, and though she has gone very far in taking over western institutions, she would certainly not be prepared to renounce her historic national individuality—as she would have to do were the

American pattern of union to be applied. Her participation does, however, prove the wide scope of political pluralism.

The Council comprises a "Committee of Ministers", in which every full member country is represented by a single delegate, the Foreign Minister or his alternate. Its meetings are not public and its decisions on all major issues have to be unanimous. A deliberative body, called the Consultative Assembly, "shall debate matters within its competence under this statute, and present its conclusions in the form of recommendations to the Committee of Ministers". Each member state is allotted a fixed number of representatives; they are "appointed in such a manner as the Government of that member shall decide", and a substitute is provided for each representative. The representatives may be delegates from national parliaments, members of national governments, or political outsiders. They may be elected by their parliaments or appointed by their governments. The first Assembly comprised 87 members—18 from each of the more important states. The several national delegations were formed by allotting a more or less proportionate quota to every political party in each of the national parliaments. The majority of these delegates were ardent believers in a great cause, and their pressure on a rather lukewarm Committee of Ministers was needed in order to bring about results. But many of them represented only themselves, and not even the parties from or by which they had been chosen. For the benefit of countries like Germany, which have not yet resumed full sovereignty but whose presence in the Council is indispensable, associate membership has been created. Such members can be invited by the Committee of Ministers, and "shall be entitled to be represented in the Consultative Assembly only".

The proceedings at the first meeting in Strasbourg (August-September 1949) were very much like those of an old established parliament. Many of its members were statesmen of high standing and of European reputation. The work of the Committee was very businesslike, and most of the reports were constructive. The Assembly was inclined to treat the Council as a European super-parliament composed of two houses, but this was scarcely in conformity with the facts. The Assembly was, and is, very anxious to play the part of a House of Commons; but it was, and is, merely an advisory body which can

not even give its advice on some matters unless it is invited to do so by the Committee. It can report, perhaps propose, but not decide. It has no power over the purse strings, since it has no revenue of its own. Its relation to the Committee of Ministers is not that of a parliament to its government—not even to a colonial government with representative institutions. For the Committee of Ministers is a delegation from Cabinets, not a government; it has no power of its own, but it embodies power—the will of the Cabinets who delegate their Foreign Ministers to it. It is what its name indicates, an international, not a supra-national, committee. Its decisions can only be translated into action by the Cabinets which it represents. The will of the Assembly, which claims to be the voice of the people of Europe, can only be enforced by a decision “thrice removed”. It has first to be accepted by the Committee of Ministers; when this has been done, each member of the Committee of Ministers must convince his Cabinet colleagues at home of the need for action; when their consent has been won, it must be ratified by their national parliaments. This slow-working, cumbrous mechanism can hardly be called a federal constitution.

The Assembly meets only once a year, and the Committee assembles only at intervals. The scheme resembles a federal constitution as little as an egg resembles a chicken; but it is an egg from which a constitution may be hatched. The Committee is not yet very eager to be transformed into a responsible super-government. But the Assembly, a considerable percentage of whose members are enthusiastic believers in European unity, is trying to play the part of a constituent assembly. Its General Affairs Committee has worked out a plan for the creation of a European political authority with limited functions but real power. The Assembly itself is trying to widen its sphere of action and to get away from the leading strings of the Committee. It has sought, unsuccessfully so far, to wring from the Ministers’ Committee the right to draw up its own agenda, but it has been promised that the Committee’s control over its plans will not be too rigid; it will be consulted before new members are invited. It has formed a Standing Committee to bridge the interval between the annual meetings. This agency is now admitted to a kind of consultative partnership with the Ministers’ Committee. Seven members of the former and five of the latter will

form a Joint Consultative Committee, with the President of the Assembly as chairman, which will maintain liaison between the two bodies, and will meet when necessary. The Assembly's pressure on the Committee of Ministers has had some results. The Committee refused a proposal that a majority vote of its members should oblige it to submit the matter in question to their national parliaments, but accepted a resolution on the need of associating national parliaments with the Council of Europe. It left the appointment of special Ministers for Council of Europe affairs to individual countries.

The second Assembly Meeting on 7th August 1950, at which Germany and the Saar were represented as associates, consisted of 135 members. It criticised the Ministers' hesitancy and, using the greater latitude given it, embarked on a discussion of defence. It demanded a European army and a European Defence Minister. It proposed, among other resolutions, that all members of the Assembly should be elected by national legislatures, and not (as in Britain) appointed by national governments, and asked for the amalgamation of the Council of Europe's Committee of Ministers and the Ministerial Council of the O.E.E.C. Behind the enthusiasm which the Assembly is generating, and which is the one great contribution none of the other agencies can provide, there lurks by now some feeling of unreality.

Of the three great objectives of federation, foreign affairs and defence are in the hands of the North Atlantic Treaty Organisation, which is far stronger than any exclusively European body can ever be. A change in these relations is neither probable nor desirable, though the Assembly is clamouring for it. Economics are more or less in the hands of O.E.E.C., in which nowadays American directives count for a great deal. The Committee of the North Atlantic Treaty Pact dealing with the allocation of the principal burdens of defence and the execution of armaments overlaps with the O.E.E.C.; some integration of the two is taking place. The apparatus created by O.E.E.C. has been put at the disposal of the N.A.T.O. Board, and O.E.E.C. has been represented in committees on raw materials. Though Marshall Aid, as such, comes to an end in 1952, O.E.E.C. will survive, and some of the functions of E.C.A. will be transferred to the Mutual Security Agency. O.E.E.C. may well be on its way to becoming the economic planning board of N.A.T.O., and thus

go far beyond its (mainly European) limits. The desire of the Council of Europe, as voiced by the Assembly, to exercise control over O.E.E.C. will not be fulfilled; but the latter will make an annual report to the Committee of Ministers, by whom it will be presented to the Assembly. The Assembly's suggestion that all special agencies of the type of the Schuman pact should be connected with the Council has been but partially accepted. Such links are made permissible, but not obligatory. The Assembly will in future be permitted to discuss political issues, which were hitherto beyond its scope. The new Statute of the Council of Europe elaborated by it has not been adopted by the Committee of Ministers. It aims at establishing a European super-parliament for the purpose of debating the defence and economic problems of Europe, its decisions to be accepted by the governments of the member states.

The work of the Strasbourg Assembly as a maker of constitutions resembles in some ways the labours of the German Constituent National Assembly at Frankfort in 1848, representing as it does a strong and widespread popular urge for unification. But in Frankfort, as well as in Strasbourg, success depended on the readiness of the governments to give up considerable parts of their sovereignty. Neither assembly had the power to enforce its drafts. Work at Frankfort proceeded more or less smoothly as long as the governments, especially Prussia and Austria, were paralysed by the fear of revolution. Once their rulers recognised that their armies could be trusted against the people, the chances of the Frankfort Assembly's success were small—after its failure the Prussian Government made a half-hearted attempt to take over its work. The present political situation offers, of course, no parallel to the conditions of 1848–49 except in one respect. What fear of revolution did in 1848, fear of Russia is doing now. Were that fear lessened—it can hardly disappear completely—the motive for restricting national sovereignties would be greatly weakened. The Atlantic Treaty would become less important, and European countries would have greater confidence in purely European developments.

At present the urgency for a federal union of Europe is somewhat receding, on account of wider issues in which Europe forms only a part. In these circumstances the feeling of impending doom which made people demand adventurous constitutional experiments is appreciably weakened.

## 2

The invasion of Korea marked the inglorious end of the United States' China policy. For half a century they had constituted themselves the guardians of the Middle Kingdom. While American business men and missionaries profited from the "unequal treaties", without which they could not have done much in China, and in the absence of which that country's development would have been very slow, they denounced them vociferously. They blamed the Imperialist Powers, especially Great Britain, which had been mainly responsible for the imposition of these treaties, but which had provided the men capable of forging the only administrative bond that held the crumbling Chinese Empire together—the Chinese Imperial Maritime Customs Service. Later on the United States, with strong British support, launched the doctrine of the Open Door, which was to prevent the breaking up of China into spheres of interest; the prohibition of protectionist customs barriers was to make them unprofitable. The United States enthusiastically financed Japan in her struggle with Russia in 1904-5, and even more enthusiastically greeted the fall of the Manchu Dynasty, which dissolved the Chinese Empire into rival war-lords' bailiwicks and established a corrupt republic. Americans saw in China's never-ending vicissitudes the birth-pangs of a great Asian Power which would maintain democratic principles on the western, as the United States did on the eastern, shores of the Pacific. They saved China from Japan's predatory attempts in 1921. They took her close to their hearts after 1927, when the Russian attempt to bolshevise China through the dictatorship of her utterly undeveloped urban proletariat had failed. The rule of the Kuomintang, dominated by that Christian gentleman Chiang Kai-Shek and the Christian relatives of his American college-trained wife, seemed to guarantee Americans the fulfilment of all their hopes. Inspired and trusted by the United States, a government of business men, by business men, for business men had arisen. Occasionally, it is true, the winds wafted an evil smell of corruption across the Pacific, but American democracy is not oversensitive to bad odours.

American enthusiasm for Japan was shortlived. Japan was a monarchy and undoubtedly imperialist. The United States

distrusted her. They had as good as coerced Great Britain into terminating the Anglo-Japanese Alliance before the Washington Naval Agreement of 1931, and had thus freed Japan from obligations towards Europe. They had, moreover, rarely missed an opportunity of offending the *amour propre* of a people whom the dissolution of that alliance without given cause—except American pressure—had already made sore. When Japan started on her career of aggression, public opinion in the United States might have been willing to check her by an embargo imposed jointly by the United States and the League of Nations. But President Hoover was a convinced pacifist. An embargo, he rightly argued, might lead to war. He believed (and believes) that the choice between war and peace depends on the decisions of peace-loving nations, not on those of the aggressors. He would not go beyond “moral suasion”, and the chance of imposing sanctions collapsed—it was not envisaged with any great fervour by the British. The war on China followed. The Japanese justified their aggression by the lack of order and cohesion within the neighbouring republic; the Kuomintang had neither succeeded in giving China a strong centralised government whose writ ran through all the provinces, nor solved the pressing social problems of China’s teeming millions. The United States themselves had aggravated Nationalist China’s internal troubles. Through the pressure of the fifteen to eighteen Senators from the Silver States they had forced China off silver; China had been driven to what was practically a paper currency, which made inflation ever so much easier.

Even before the Japanese war China had been split. In the provinces close to the Soviet border a Communist Government had been established whose armies the Nationalists had been unable to defeat. It had carried out far-reaching agrarian reforms and, if reports can be trusted, had actually extinguished corruption. The stories about its achievements—contrasting very strongly with what seeped through unofficially from Nationalist China—appealed to romantic American radicals who occupied so many points of vantage in the Rooseveltian era. To many of them Communism, even in Russia, was but an advanced sort of radicalism, the unpleasant aspects of which could easily be explained away by the horrifying background of Russia’s history; a movement burdened with such a legacy



which had to build a brave new world could not be expected to be too squeamish. The Chinese Communists, moreover, seemed to fit well into the picture of progressive radicalism; what they had done so far was to abolish landlordism and peonage, very much what reformers in other lands had aimed at. Without unity, Americans argued, China could hardly be saved; the Nationalists must come to terms with the Communists in a joint national front. The United States had solid claims to be listened to by the Nationalist Government. They were helping China as much as they could by putting pressure on Japan and withholding essential materials from her. They were not, as has been unfairly asserted over and over again, deliberately goading Japan into war. But it *can* be said that the United States might have kept out of the second world war had they been willing to sacrifice China. Japan might have refrained from attacking the Western Powers had she been allowed to swallow as much of China as she desired. Pearl Harbour might not have occurred and the United States would not almost automatically have been at war with all the Axis countries. Once in the war, their main effort had to be directed against Hitler. The Chinese ally could not be supported with their full strength; but they did their best.

They provided Chiang Kai-Shek with a deputy chief of his army, though unfortunately they let this chief intrigue against his master and press for co-operation with the Communists. Their insistence on a bipartisan government in a national crisis did not allow for the nature of a Communist partner to whom all non-Communists, even when temporarily allied, are deadly enemies. America saw China as the giant on the Asian continent, though she was at best but a potential Great Power, which would have to travel a long way before she was united and effectively organised. Against the advice of Churchill and Stalin, Roosevelt placed China on the Security Council as the fifth great partner of the United Nations, the same Nationalist China which would soon be crumbling under the blows of the Chinese Communists. Yet he sacrificed some of her vital interests in order to secure Russia's participation in the war against Japan—at a time when it was no longer needed—by consenting to Russian control over Manchuria.

The war was over and Nationalist China had not defeated the Communists. America was getting tired of helping a

government known to be corrupt, and of pouring in weapons which in the end seemed to find their way into the hands of those they were meant to destroy. Once more the United States endeavoured to bring the warring parties together—the very attempt was bound to raise Communist morale. When it failed, the United States withdrew their support from the Nationalists, and decided to leave China to her own devices. In due time the Nationalists crumbled; the Communists took over, ran and ruled China. But the United States were unwilling to recognise the Red Government, and barred China's entry into the Security Council. Having boosted China as a Great Power when she was split by irreconcilable factions, they refused to treat her as such when she had secured its prerequisite, a strong central government controlling a well organised and victorious mass army. Since the godly, good China which the missionaries had lauded had gone with the wind, the bad and godless China which was emerging must not be recognised. She was a stooge of Soviet Russia; and since Soviet Russia was no longer the great trustworthy brother who had effectively contributed to the destruction of Hitler, but a stark brutal imperialist, Red China was damned and doomed. The China which American novelists had endeared to their readers, and which Madame Chiang Kai-Shek had sold to the American public and the American Government, had disappeared. The golden dream had vanished.

When North Korea, sure of Chinese support, crossed the 38th parallel, and the United States started and led a United Nations crusade against aggression, the final scenes of a great American tragedy were being enacted. The United States had done their best to free China from foreign controls (which had been very beneficial at some times and in some places); they were now being stigmatised as brutal imperialist aggressors who were forcing their fellow members of the United Nations into an imperialist crusade. The nation which had tried so hard to destroy European rule over Asia, and had forced the pace of independent movements all over the Asian continent, without considering consequences to rulers or ruled, was held up to world-wide execration as the enemy of the Asians. It was accused of reimposing imperialist domination over Asia at a time when the white man's rule over her—excepting Russia's—was almost terminated. It was tragedy, and perhaps nemesis.

## 3

From the middle of the last century Russia had been the great despoiler of China, until Japan wrested part of her ill-gotten territorial gains from her. Great Britain and the United States had usually pursued a policy of commercialism in China. The concessions and settlements they had acquired were not starting points for annexations. They were market places where Chinese and Western traders could meet and exchange goods under stable conditions. The unequal treaties which had created them resembled the arrangements for foreign traders' settlements in the Middle Ages. They limited the exercise of Chinese sovereignty in those areas, though they at the same time improved its efficiency through the creation of the Imperial Chinese Maritime Customs Service and other similar organisations. The Anglo-Saxon Powers endeavoured to prevent the disintegration of China. The Russians, on the other hand, worked for it. They systematically followed a policy of territorialism. They annexed large areas, exploited their resources, and tried to settle them with Russian peasants. Until Japan defeated Russia, a struggle between commercialism and territorialism was going on over China, turning more and more in favour of Russia. Yet, curiously enough, relations between Russia and China were nearly always more friendly than those between the Chinese and the Westerners. The Russian invasion was first and foremost directed towards the thinly populated regions outside the Great Wall - there was a kind of race between Russian and Chinese immigrants in Manchuria, in which the Chinese won. In these vast northern spaces the Russians found it convenient to underline their semi-Asian origin. The Western impact concentrated on the densely populated centres of Chinese culture. The Westerners formed alien centres which ignored China's social and religious values, and which radiated religious and commercial propaganda beyond the Treaty Ports, thus undermining Chinese sacred traditions. In the eyes of the Manchu Government the Westerners were subversive barbarians; it was easy to rouse the anti-foreign instincts of the people against them.

After the Chinese Revolution (1912) Western ideas had become dominant in the new republic; they had not brought it peace and prosperity. China was disintegrating. The Russian Revolution,

with its strong appeal to anti-imperialist sentiment, was beginning to alienate her from the West. For a time it looked as if China, guided by Russia, would lead the rising of colonial nations against their imperial masters. But the Russians had gone about it in the wrong way. They tried to make the Chinese Revolution follow the orthodox Russian pattern. The urban class-conscious proletariat was to seize power and, by exercising a minority dictatorship, was to rush China through both an agrarian and an industrial revolution of the Moscow type. But the Chinese class-conscious proletariat was non-existent; the "Bolshevist" revolution collapsed ignominiously; Chiang Kai-Shek suppressed it with a strong hand. Communism survived only in the outer fringes of China, and even here it bore an agrarian rather than an industrial aspect.

But the Russia which emerged from the second world war had learned a great deal. She still denounced imperialism as the last stage of capitalism. She continued to support revolutions in colonial countries in the hope of stopping trade expansion without which, according to Russian doctrine, capitalist nations were bound to collapse. But Russian policy was going beyond this negatively destructive aim. It had had little success in the highly industrialised countries of the West, where the people had had their industrial revolutions long ago and could not be bribed by Communist promises. But the glamour of an industrial civilisation of the Soviet type offered a cure for all the ills from which backward agrarian peoples suffered, whether free or ruled by alien masters. This industrial revolution would get under way far quicker under Communist than under capitalist guidance. Though the capitalist countries possessed the means and the know-how, they were not ruthless enough to sweep away the land-owning classes which were holding the people in subjection. They would not dare to enforce rural co-operation or compulsory transfer of superfluous agricultural workers to the towns, where they would be turned into an industrial proletariat bound to maintain the régime politically. In but few Asian countries were conditions as favourable as they had been in Russia, where there had been large under-populated regions and vast under-developed natural resources. But it was clear that all social reforms in backward countries must begin with land reform, and that the capitalist powers had nearly everywhere been hesitant in carrying them out. The

Chinese Communists had energetically taken them in hand, and as Communists do not count the cost in human lives in their reforms they could boast of a good deal of success. They were now showing their new-found strength by successfully attacking the leader of world capitalism, the United States. Their voice, tuned to Moscow keys, was, they claimed, the voice of Asia. Under Communist leadership Asia was **awakening**, breaking away from Europe and her civilisation, and **driving** her foreign oppressors everywhere into the sea. The continents were parting—for the time being only, it is true; for when Europe and the United States were converted to the true faith through the leadership of Asia, world unity would be established. The battlecry "Asia for the Asians" found a good deal of response, especially among the countries which had but recently won their independence, and which wanted to enjoy to the full the exercise of their newly acquired sovereignty.

The awakening of the Asian people did not, of course, wait for events in Korea. It happened forty-eight years ago, when the Japanese defeated Russia, then an alien European power, and successfully turned back her frontiers in Asia. Japan continued that policy later on against other colonial Powers, under the caption of "Far-Eastern Co-prosperity Sphere". Maybe the new rulers of China, though at present friendly to Russia, may also take up the policy. Their attack is not—and here again is an analogy—exclusively directed against Europeans; the invasion of Tibet indicates the resurgence of ancient trends. If successful, a new Chinese Empire might be the result; it need not be Communist in the Russian sense, but it would be an Empire, in as much as it would be a multinational state in which a number of non-Chinese nationalities would be joined in what would be at best a compulsory federation; there is no sense in speculating now about its potential frontiers.

But Asia is a geographical unit, and not the home of ethnically closely related peoples. There is no common Asian culture, no common religion; there are no identical institutions or common traditions, no closely related languages. There is no Pan-Asian faith. It may be symbolic that the only man who stood for a distinct Asian ideal which was in every way opposed to Western thought—Mahatma Gandhi—was murdered by an orthodox fanatic. The only unity the people of Asia have is negative, antagonism to non-Asian rulers, and in that respect

Russia, still being predominantly European, lies outside Asia. Yet the very fact that she rules one-third of Asia, and is just now clearly co-operating with China, may indicate her aspirations to control and dominate the entire continent. This does not only portend a complete elimination of European-American footholds, or even influences; it threatens all Asian nations with Communism, imported by Chinese armies or by Russian propaganda. This menace puts independent countries and dependencies alike in a quandary. Most Asian countries dislike Communism, and with good reason; the groups which have been most effective in bringing about Indian independence, the new middle class, would fare particularly badly under a Communist régime. Yet they dislike and distrust the West, whose military support and economic assistance they need. It so happens that the least European of the white peoples is in league with the most Asian of the Eastern peoples, while the thoroughly Western Powers co-operate with those Easterners who have been imbued with their political and social ideals. The line of partition which runs north to south in Europe runs more or less west to east in Asia. In both cases it separates uneasy alliances. Turkey, not long ago the leading non-European Power, is standing fast with the West; the Arab countries that Britain freed from Turkish domination show pretty clearly that free governments need not be wise governments.

## 4

The aggressive entrance of China on to the world's stage is having serious repercussions on Europe and European union. It strains first and foremost the resources of those European countries which are entangled in the Far East through dependencies and partnerships. It causes a very heavy drain on the United States, on their manpower and their material resources; they have to increase their armaments and their armies, and they can no longer prepare them exclusively for a European front. They have not yet been drawn into a "direct danger zone"; only in the farthest north are they the neighbours of Soviet Russia across the Bering Strait. China herself is not an immediate menace to them, as long as she does not become a great sea power. But if Asia, from Formosa and the Philippines to the Red Sea, were to come under Communist domination,

Australia, Africa and the Mediterranean would be threatened.

The United States cannot afford to let slip the southern half of the Asian continent without having made an effort to hold it by co-operation, not by coercion. Military strength alone, they feel, is inadequate; the social basis of Southern and Western Asia must be made healthy to withstand the lure of Asian Communism. This demands a new type of economic imperialism, providing the backward countries with capital equipment and know-how. It should raise the standards of the seething masses without arousing their emotional nationalism, which might drive them to seek salvation in Communism. The United States probably overrate the role which bad economic conditions play in the rise of Communism. They seem to assume that Communist Governments have been installed by majority votes of unemployed city workers and starving peasants. This has nowhere happened. A band of well trained revolutionaries has everywhere seized power by physical force, and by ruthless use of it has established a totalitarian minority régime. Among politically backward peoples, to whom the vote is an alien invention, the Communist minority need not even go through the travesties of democratic elections such as have been staged in Czechoslovakia, Poland, Hungary and Eastern Germany. Everywhere Communism is the outcome of a political revolution. It makes an economic and social revolution; it is not made by it. Under the protection of Russian bayonets a country like Czechoslovakia, with a very sound agrarian structure, fell as easy a prey to Communism as Hungary, with a very bad one. Once Communism is in power, it may find it a little harder to liquidate a good system, with widespread private property, than a bad one where it can distribute large landed estates; it liquidates in both cases. This is no argument against helping backward countries to develop their resources, but it is a warning against expecting too much from economic reforms, even when they are successful. No country is safe from Communist attacks or Communist agitation that is not protected by impressive military strength.

The needs of backward countries, envisaged in Point Four of the President's Programme, are almost limitless, since improved living conditions will make them go on spawning. The Colombo Conference dealt only with the first limited stages of a vast enterprise. The proposed investments are political

rather than economic; they will provide profits and markets later on when their recipients have a sufficiently large surplus production to sell. In the meantime the burden of rescuing these deficit economies—unlike the European deficit economies, they do not consume more than they produce, but do not produce enough to keep their growing populations alive and fit for effort—falls more or less on the United States. They are bound to reduce economic aid to Europe, limiting it more and more to military assistance. These countries must therefore raise their output in order to provide their own heavy re-armament and fill the gap due to reduced American succour. Once again they are being admonished to draw closer to each other and to establish a larger market. But the usefulness of enlarged markets is not very conspicuous as long as demand outruns supply. When essential raw materials are scarce, adequate allocation of centrally pooled commodities, not wider markets, is what matters.

Militarily, too, the pre-occupation of the United States with the Far East, intensified by the strong popular pressure for salvaging the remnants of their lost policy, makes greater co-operation by European countries more urgent. The lengthening of the front of the cold war calls for agreements complementary to the North Atlantic Pact. The peace treaty with Japan, as well as the Chinese problem, have resulted in demands for a Pacific pact, in particular from Australia. Co-operative arrangements, both with the Pacific Dominions and the European countries with Far Eastern interests, are being made, though they do not take always the form of a treaty. France, Britain and the Netherlands have to participate anyhow in the defence of the Far East. Sooner or later a Middle East defence pact will become effective. The countries of Latin America are outside the immediate danger zones. Yet they unanimously accepted a proposal of the United States to give "particular attention to the development and maintenance of elements within their national armed forces, so trained and organised and equipped that they could . . . promptly be made available (1) for the defence of the Continent, and (2) as a United Nations Unit". The United States have not asked Latin America to join in the formation of an *American* army, but to contribute contingents to an army *for* America. They have steadily worked for an integrated American defence system, but they have never



suggested that it should depend on any sort of constitutional integration. They have not even advocated a federation of Latin America, though all Latin American states, with the exception of Brazil, are Spanish-speaking and formed part of the Spanish Empire not quite one hundred and fifty years ago. Western Europe is becoming a link in a world-embracing chain of defence pacts.

## 5

It can be assumed that Russia does not want war. According to her economic doctrines she does not need it. If capitalism must really die when it can no longer conquer backward countries—to dump its surplus products on them—an aggressive Russian policy leading to war is downright foolish; rearmament, though a heavy burden, would help to lap up this surplus. Yet a policy of systematically ruining the capitalists' overseas markets by fostering recurrent anti-imperialist revolutions could be highly effective. Thus the elimination of China as a market and as a purveyor would seem to be a sound move, provided China could rapidly develop without foreign help, for Russia cannot assist her on a very large scale. Were other Asian states or dependencies—Malaya, for example—to follow China's lead and be closed to Western enterprise, especially as sources of raw materials, capitalism would be badly hit; it might wither. In that case Russia would not have to run the risks of a war in Europe, in which her entire industrial potential could be wiped out, even though she might temporarily overrun the Continent up to the Pyrenees.

From this point of view, the invasion of South Korea might appear bootless, for she counted for little in Western economies. Judged as a military enterprise, the Korean war is an expensive colonial campaign which was never likely to ruin the finances of the United Nations countries or sap the military strength of the Western Powers. Though it has a considerable nuisance value, there is not the slightest reason for treating it as an overture to the gigantic drama of the Parting of the Continents. Korea is not the valley of Armageddon where the peoples of Asia meet their white oppressors—the chief of them being Russia—in a final battle for the rulership of the world. Most Asian peoples by now are siding with the West, which should

beware of treating a shrewd diversion as an open challenge, even though it may be in line with the frequently quoted slogan that the road of victorious Communism leads through Peking, Delhi and Teheran to the capitals of the West. It never pays to trust an itinerary published by the adversary. In pre-democratic days white masters frequently under-estimated the Asian peoples; now, the white masses are overrating them. The former believed that they were static and could not progress rationally; the latter imagine that they are so dynamic that they can in a few decades achieve progress for which they themselves needed centuries. These sometimes hysterical vapourings of mournful romanticists suit Russia very well. She knows that the Asian front is not the front where Russia can be mortally wounded. She could hold it for a long time with expendable Chinese levies. Even the destruction of Vladivostok by atom bombs would not greatly shake the equanimity of the Kremlin. It may be that in a few decades the main strength of Russia will be in Siberia and the Far East; but as long as the Kremlin stands in Moscow and is not transferred to Novo-Sibirsk, Fruntze or Alma-Ata, the heart of Russia beats in Europe; she can be dealt a knock-out blow only in Europe.

The West has been awakened by the invasion of Korea. The United States, with their marvellous capacity for scrapping wrong policies, have torn aside the veil which so long obscured their vision of Asian realities. The American schoolmarm, who has been typical of much of that naïve, frequently refreshing, but rarely well founded American idealism, has at last gone to school herself, and she is learning quickly. Quite possibly Russia made a mistake when she deliberately turned east to relieve the dangerous pressure on her in the west. She may have shown the capitalist Powers that fear is the main motive of her truculent aggression. In any case she has speeded up their armaments and intensified the American demand for the reintegration of Western Germany in the European system.

Russia is rightly terrified of German re-militarisation. She is undoubtedly well aware of the prowess of the *Wehrmacht*. The satellites are terrified of it. They may very well prefer Communist bondage to freedom near a free and united Germany. Russia might offer concessions which would lead to such relaxation of the international tension as to make German re-militarisation superfluous or at least innocuous. Moreover,

there lurks a suspicion in the Russian mind that the caricatures of American monopolist capitalist imperialism drawn by Marxist artists may be true to life. That rapacious animal may suddenly spring at its innocent victim, partly because the American people will no longer stand the strain of rearmament, and partly because it is the nature of this wicked beast to attack and devour peace-loving communities like Soviet Russia.

The fate of European Union—in the near future at least—will be decided by Russia; she may, of course, merely play for time, or even be not sure of her own course. If she is prepared to make concessions to German unity which neither the Western Allies nor the Western Germans can afford to refuse, the political development of European Union will be retarded. The readiness of Russia to make such concessions would be a convincing proof of her unwillingness to face a war. This would enable the West to proceed calmly and firmly with the formation of partnerships and the creation of joint institutions. It would be an armistice, not a peace. If, on the other hand, Russia's concessions are unacceptable, this does not mean war, though it may increase tension. The Western Powers will have to speed up their rearmament. They will have to establish a screen, behind which a German military contingent can be built up without fear of being overrun in its initial stage.

In the present crisis it does not matter very much whether the Western World is defended successfully by a European union in conjunction with transatlantic, Middle Eastern and trans-Pacific partnerships, or whether its own contribution is that of a partnership. The solution adopted in London and Lisbon (February 1952) is somewhat complicated. N.A.T.O. was streamlined. Its Council of Ministers, which met at occasional conferences, is being replaced by a permanent body of delegates having the rank of ministers, who sit in regular session in Paris; current business is entrusted to a Secretary-General, who will be a member of the Council. The delegates take over the functions hitherto exercised by the Council of Deputies, the Defence Production Board and the Financial and Economic Board. They will work in close cooperation with O.E.E.C.; the importance of economic cooperation and of the expansion and liberalisation of trade is recognised. The partners are to

put fifty fully equipped divisions in the field in Europe this year, and plan to double them by 1954. They have determined each member's contingent and its financial quota and have made arrangements for support from the United States in materials and in financial aid. Germany is presumably to provide twelve divisions and to provide DM 11.25 milliard for her own forces and for occupation costs, and she is not yet to become a member of N.A.T.O. She has to contribute her share to a European Defence Community to be formed by her with France, Italy and the Benelux countries. It is patterned after the steel pact. It is to be run by nine commissioners appointed by the six member governments, which will control them through a Council of Ministers, each government having a veto. The commissioners will report to an Assembly, whose rights are purely advisory. The High Court established for the steel pact will adjudicate disputes. The units which each member has to furnish will probably be divisions—the original Plevin plan, which suggested battalions, had to be dropped. In order to meet Germany's claim for equality the E.D.C. commissioners will hold joint meetings with the N.A.T.O. delegates. Germany's contingent must never exceed that of France and she must not be allowed to withdraw from the Community. Thus an army is to be created the component parts of which are not at the beck and call of their own governments; a somewhat risky experiment, for in both the French Third Republic and the Weimar Republic officers commanding armies did not always feel bound to stand by the governments to which they owed allegiance; they recognised only a somewhat vague subjective loyalty to the nation to which they belonged. Professional jealousies over promotion, which have played their part in continental armies, will hardly be absent in a composite army. One must hope that both the German and the French parliaments will accept the plan in some form or other, the former because it dare not take the responsibility for holding up the defence of Europe, the latter because its failure to agree to E.D.C. would lead to a direct German contribution and to German membership of N.A.T.O. Yet, as the acrimonious debates in both countries make one apprehend, in the struggle over the shape of European unions the European spirit may be killed, without which they will be empty shells.

The new arrangements, in conjunction with the atom bomb, should strengthen the Western Powers sufficiently to deter Russia from aggression in Europe. She has not seized the opportunity to strike when Western defence was no more than a blueprint in the making. The fear, widespread in Germany, that she might use the mere discussion of German rearmament as a pretext for embarking on a preventive war does not seem to have been justified. Russia either did not expect an attack from the West or did not feel strong enough to nip it in the bud. For the time being the Western World does not have to face a third world war.

The Western Powers' political strategy, however, went far beyond warding off war through rearmament. They wanted to impress Russia with their military strength in order to make her agree to a reasonable peace with Austria and Germany and withdraw her armies from these countries—if not from Poland, Czechoslovakia and the Baltic States. Maybe they have succeeded. Russia's latest proposals for an All-German peace treaty go far beyond her former propositions. They allow for the creation of a German defence force and the production of adequate armaments for it. They offer complete equality and even membership of the United Nations to Germany. The only restriction of sovereignty to be imposed on her would be a pledge "not to enter into any coalition or military alliance whatsoever directed against any Power which took part with its armed forces in the war against Germany". The frontiers of Germany would be settled as laid down by the decisions of the Potsdam Conference of the "Great Powers", and as the Oder-Neisse line was considered "provisional" at Potsdam concessions about it might be feasible, were Poland prepared to agree to them.

The acceptance of these proposals would presumably preclude Germany's joining N.A.T.O., cause a gap in its front and deprive it of the battlefield nearest to Russia. Germany would no longer be a potential threat to Russia as the spearhead of the West but only a protective screen. The integration of Western Germany in the European Defence Community might become very difficult. That scheme in its present shape is popular neither in France nor in Germany. Russia's *sdémarche*, which holds out hopes for peace and security without expensive and complicated arrangements, is bound to strengthen the

opposition to it in both countries. It puts France in a very difficult position. Her scheme for union accepted partition of Germany as an accomplished fact. The integration of Western Germany in it was to safeguard France against any independent politico-military actions on her part. France may now have to choose between admitting a united Germany into a continental union or accepting a neutralised, independent Germany which is insufficiently armed to defend herself. Russia might condone Germany's membership of a continental union on the assumption that the more firmly a united Germany is embedded in a continental union, the more innocuous the union and Germany will be. Russia might argue that the tail wags the dog and see in France an out-and-out pacifist tail which could wag effectively even an aggressively-minded German dog.

Were Russia sincere and prepared to let the Eastern Germans go to the polls without any interference on her part, she would present the Bundes Republik with an extremely difficult problem. The majority of the Easterners would no doubt vote for reunion, but the members sent by them to an All-German Constituent Assembly might not see eye to eye with their Western colleagues. The constitution which would arise from a fusion of two countries whose social structures are by now extremely divergent would be very complex. It might be necessary to establish, for the time being at least, a loose confederation between the two Germanies so that the economic shape of the Eastern half need not be remodelled too rapidly, and that of the Western half not be interfered with too radically by the pressure of Eastern voters. In these circumstances a united Germany, even armed, might be much weaker than a separate Western Germany would have been.

The Russian move, which must be met, is in any case a very shrewd one. It will be received with great relief by many groups in the Western countries who are worried by the prospect of war and the burden of defence. It may hold up the European Union movement, for many may well argue that there is no need for defence unions when there is no longer an urgent need for defence.

So far the attempts at furthering the union of Europe seem to have resulted in making the partition of Europe more durable. The speeding-up of defence has, moreover, badly

shaken O.E.E.C. If E.P.U. were to break down and the convertibility of its members' currencies were to cease, the setback would be very serious. Were inflation to force one of the partners of the steel pact into violent devaluation, uniform prices for coal and steel in their territories could hardly be maintained.

The spiritual bases for a wider, genuine union are not yet laid. France, even more than the United States, is handicapped when problems of European federation have to be solved. The United States have no experience of the difficulties inherent in the formation of a multinational union; but France has no knowledge of the working of a federal constitution. Her government is the most centralised government in Europe. Yet she has frequently advocated federation for her neighbours when she wanted to weaken their power. In the eyes of many Frenchmen union is but an instrument for holding Germany in check; from the German point of view it is a tool for breaking the shackles by which they are bound and for securing them equality. Half the British people see in it an attempt to interfere with their collectivist experiments—Socialism, not Imperialism, is the main obstacle to Labour's coming in. The other half, which favours Britain's participation, does so because it wants to maintain Great Britain's influence on the Continent; and Britain's exclusion from a union was one of the main attractions in the eyes of the more nationalist-minded French and German advocates of a continental scheme in the past. Neither in France, nor in Germany, nor in Britain has nationalism become extinct. These nations rightly see in union not a way of ridding themselves of nationhood, but an opportunity for preserving it; and each hopes to make it the dominant force in a federation. When France speaks of Europe, she means France; the attitude of the other great nations is not very different from hers, though they are less skilful. Only the small nations are genuinely unionist, since they see no other way of survival.

The movement for "Europe Now" is a rational movement sponsored by intellectual and reasonable men of affairs, who are acting from a multiplicity of highly respectable motives. It appeals on the Continent, though not in Britain, to reminiscences of a great past. But it has nowhere originated in the burning passions and deep-seated mass yearnings which finally

led to union in Germany and Italy, and to partition in the Habsburg Empire, Ireland and India. It will take a long period of intimate, confidential co-operation in defence, in economic and administrative services, before a profound sentiment of European unity will sweep over the nations. It is better to let that sentiment precede the growth of closer European union than to expect its spontaneous birth from that union; otherwise the union might easily become a house divided against itself, as it did in the United States whose people had lived together in peace and amity for nearly three-quarters of a century in a union "perpetual and indivisible", and yet broke up over a relatively minor issue. A number of successful partnerships finding expression in workable institutions in the main fields of national activities will form a firmer basis for a final union than a premature constitution. Whatever its ultimate shape will be, it will be a Union of *Nations*, not merely of *States*. It may be only a "Little Europe", not the "Great Europe" one had yearned for; but it certainly will not be a "Little America", a soulless copy of the great United States original. It will take a long time before the United Nations of Europe will want to call themselves the United States of Europe.



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